

Tab 7 (Part 1)

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

BIOGEN, INC., ET AL)	CA 03-11329
)	Boston, MA
v.)	June 22, 2004
)	
COLUMBIA UNIVERSITY, ET AL)	

BEFORE THE HONORABLE MARK L. WOLF
UNITED STATES DISTRICT JUDGE

APPEARANCES:

(As previously noted.)

JUDITH A. TWOMEY, RPR
Official Court Reporter
One Courthouse Way
Courtroom 10~Room 5200
Boston, MA 02210
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1 THE CLERK: This is Civil Action Number
2 03-11329, Biogen, Inc, et al versus Columbia University,
3 et al.

4 Court is in session. You may be seated.

5 THE COURT: Good morning. Would counsel please
6 identify themselves for the court and for the record.

7 MR. WARE: Donald Ware.

8 THE COURT: Mr. Ware, you've got to stand up.

9 MR. WARE: Donald Ware on behalf of Biogen and
10 Genzyme.

11 MS. LAPORTE: Claire Laporte, Foley Hoag LLP,
12 also for Biogen and Genzyme.

13 THE COURT: We're having trouble. You have to
14 speak up. Say that again, please. Use the microphone.

15 MS. LAPORTE: Claire Laporte, Foley Hoag LLP,
16 also for Biogen and Genzyme, your Honor.

17 MR. MAFFEI: Thomas Maffei for Columbia
18 University.

19 MR. GINDLER: Good morning, your Honor. David
20 Gindler for Columbia.

21 MR. SHEASBY: Jason Sheasby for Columbia.

22 THE COURT: Would you spell that, please.

23 MR. SHEASBY: S H E A S B Y.

24 THE COURT: Thank you.

25 MR. ZALESIN: Good morning, your Honor. Steven

1 Zalesin for Johnson and Johnson.

2 THE COURT: You're going to have to spell that
3 too.

4 MR. ZALESIN: Z A L E S I N.

5 MS. PRUETZ: Good morning, your Honor, Adrian
6 Pruetz and Robert Stone for Genentech.

7 THE COURT: Okay.

8 MS. BEN-AMI: Good morning, your Honor. Leora
9 Ben-Ami for Wyatt and Genetics Institute.

10 MR. PALS: Mark Pals of Kirkland and Ellis for
11 Abbott Bioresearch Center.

12 MR. WEINBERG: Good morning, your Honor. Arthur
13 Weinberg and Eileen Herlihy for Amgen and Immunex.

14 THE COURT: Is she hiding behind the podium?

15 MR. WEINBERG: Right over here.

16 THE COURT: It's hard enough to keep track of
17 those of you who are visible.

18 MR. BARSKY: Good morning, your Honor. Wayne
19 Barsky for Columbia.

20 THE COURT: Is there anybody else for Columbia?

21 MS. TESSAR: Amanda Tessar, T E S S A R, for
22 Columbia.

23 MS. KEEFER: I'm Elizabeth Keefer for Columbia
24 University.

25 THE COURT: I thought Columbia was a nonprofit

1 organization who couldn't afford this litigation.

2 MR. CHENG: We are. Good morning, your Honor.
3 Augustine Cheng, C H E N G, for Columbia.

4 MS. HAJBUFIEWICZ: Alison Hajbufiewicz, also
5 Columbia.

6 THE COURT: So there should be within the
7 enclosure counsel for all parties in this Multi-District
8 Litigation.

9 Before we focus on the substance, I'd like to
10 confirm or, if necessary, clarify the procedural posture
11 of this.

12 On April 9, I issued an order relating to my
13 possible recusal. I subsequently had a telephone
14 conference with counsel for the parties, and they
15 responded to that order.

16 As I said in the order that I issued on May 10,
17 it's my understanding that no party believes that my
18 recusal is required under 28 United States Code, section
19 455B. No party believes my recusal is required under
20 section 455A. And, in any event, each party has waived
21 any ground for recusal based on the disclosures I made
22 pursuant to section 455A.

23 So, as I stated in my May 10, 2004 order, I am
24 continuing to preside in this case.

25 But did I misunderstand anybody's position?

1 Apparently not.

2 Now, this isn't going to affect whether I go
3 ahead, but it will affect my comfort or discomfort level.

4 One of the matters I discussed in that initial
5 order regarding my possible recusal was the involvement
6 of Baxter Health Care Corporation, which was then a party
7 to one of the pending cases, but it's my understanding
8 that Baxter settled with Columbia and that the Baxter
9 case has been dismissed.

10 What I'm wondering, however, though, is whether
11 Baxter is likely to come up again, even if not a party in
12 this litigation, in some way that's now foreseeable? For
13 example, I know from the submissions that Serono has
14 settled, but Biogen is talking about Serono getting a
15 competitive advantage by virtue of the settlement if
16 there's no preliminary injunction.

17 Does anybody foresee any further or future
18 argument relating to Baxter?

19 MR. WARE: Your Honor, I was counsel for Baxter
20 and, as I sit here, I don't foresee any such argument.

21 THE COURT: And there's so many of you, at least
22 to begin with, you're going to have to say your name
23 before you speak. That was Mr. Ware.

24 Okay. There were a series of motions for
25 admission pro hac vice here, all in order. They are

1 allowed.

2 There were a number of motions to exceed the 25
3 -- I'm sorry, the 20-page limit and to file replies or
4 sur-replies. They're also allowed.

5 What I have on my agenda for today are the
6 Biogen and Genzyme motions for a preliminary injunction,
7 Columbia's motion to stay the litigation, Columbia's
8 motion for a protective order limiting disclosure of
9 portions of a pending patent application, a schedule for
10 the case if there's no stay, and certain logistical
11 issues, including the master docket that we're creating,
12 in part, to facilitate electronic filing.

13 Are there any other matters that ought to be on
14 the agenda?

15 Apparently not.

16 When I originally scheduled events for today, I
17 knew I had the motion for preliminary injunction, and I
18 knew I would want to set some kind of schedule.

19 The motion to stay came in after, and it seems
20 to me at the moment that the motion to stay is related
21 possibly to the motion for resolution of the motion for
22 preliminary injunction, and I'd probably want to discuss
23 them, hear your argument in tandem before I decide either
24 of them. And I have, with considerable assistance from
25 my law clerk, Mr. Goldberger, tried to get quite deeply

1 into everything you filed, and I have some thoughts that
2 are definitely tentative but are also, in some respects,
3 different than the positions that anybody is proposing on
4 all of this. And, as is my practice in other matters,
5 what I would like to do is tell you what my present state
6 of mind is, what my tentative thoughts are, what my --
7 some of my major questions are, and then we can go to the
8 argument, but you will be able to address my present
9 state of mind and, if it's confused or worse, you can
10 straighten me out.

11 But in preparing, there were also some questions
12 that emerged that I think I would like to discuss with
13 you as a threshold matter.

14 Biogen, Genzyme, and Columbia entered into the
15 stand-still agreement that permitted the very helpful
16 briefing to be done that leads up to today. But, as I
17 looked at that, a couple of questions came to mind. And
18 by raising this first one, I don't want to promote any
19 undo anxiety because, even if I have this authority, I
20 wouldn't exercise it if I thought it was not fair in view
21 of the reasonable expectations of the parties.

22 But, normally, when a judge conducts a hearing
23 on a motion for a preliminary injunction, he has the
24 discretion to merge the -- some or all of the trial on
25 the merits with the hearing on the motion for a

1 preliminary injunction. And I don't know whether -- and
2 I'm going to tell you where this is going, because it's
3 going to be a recurring theme. I don't know whether I
4 should regard myself as having that authority that's
5 provided by Federal Rule of Civil Procedure 65A2.

6 As I have got into this and tried to think about
7 what a fair and efficient way for the whole
8 Multi-District Litigation to progress would be, I've come
9 to wonder whether the issue of nonstatutory double
10 patenting or double patenting or obviousness -- you're
11 all patent lawyers, I'm not -- but, as I understand it,
12 there are certain statutes like section 1001 and section
13 1003, and then there's this judicially crafted doctrine
14 that's called double patenting or obviousness double
15 patenting that I thought was succinctly and helpfully
16 discussed in the Geneva Pharmaceuticals case, 349 F 3rd
17 1373, particularly at 1378 and in note 1. Because -- and
18 you'll hear me continually come back to this -- I wonder
19 whether that issue can be carved out properly for quite
20 quick preparation for a summary judgment hearing in which
21 I would conduct a Markman hearing and, if there wasn't
22 summary judgment, you know, a reasonable time thereafter,
23 but as promptly as possible, a trial. Because, as I
24 understand it, reading the footnote in Geneva, basically,
25 to do that type of analysis, I'm comparing claims in an

1 earlier patent to claims in a later patent. I'm not
2 inquiring into motivation, and I'm not inquiring into
3 objective criteria, like what happened in the
4 marketplace. And I already have Professor Lodish's
5 affidavit from Biogen and Genzyme which, I think, puts
6 Columbia on notice of what the double patenting claims
7 are in pretty high degree of detail. And if something
8 similar were provided by Columbia, and then with some
9 expert discovery, I wonder what more would be needed for
10 me to construe the relevant claims, decide if the matter
11 is amenable to summary judgment and, if not, try the
12 case.

13 And you don't have to answer that now, although
14 by the time I get through these lengthy notes -- well,
15 maybe you should give me an immediate -- just a reaction.
16 Nobody is stuck with this answer if on reflection you can
17 think of something you should have said.

18 MR. WARE: Donald Ware for Biogen and Genzyme.

19 Of course, I think we would wish to be able to
20 confer with other counsel involved, but my immediate
21 reaction is that I think a procedure along those lines
22 could be followed here. We've thought from the
23 beginning, to be very candid, that these issues would be
24 decided on summary judgment. We don't think it's very
25 likely that they really are factual disputes. After we

1 filed our preliminary injunction motion and put together
2 Doctor Lodish's affidavit and laid out the argument and,
3 in light of the Geneva Pharmaceuticals case which, as
4 your Honor points out, removes the whole issue of what
5 they call secondary considerations, market objective
6 criteria, that sort of thing, we even asked ourselves if
7 maybe we should just be moving for a summary judgment and
8 get on with it.

9 THE COURT: And I would have said, gee, it's too
10 early. But your motion for a preliminary injunction was
11 even better because you've caused me to think I thought
12 of it myself. Go ahead.

13 MR. WARE: So, really, the principal -- and
14 when I think about discovery for the double patenting
15 issues, of course, if we had simply filed that as a
16 motion for summary judgment, I suppose Columbia would
17 have presented some affidavit or whatever in response and
18 tried to create some factual disputes. And so one of the
19 reasons that you like to go ahead and take inventor
20 depositions is, hopefully, to sort of remove those and
21 confirm that those aren't issues. And then, of course,
22 there could be a little bit of expert discovery. So
23 those are possibilities. Although, even having said
24 that, I think it's entirely plausible that the entire
25 issue could be a summary judgment issue. In any case, I

1 think in the end, they really are questions of law.

2 The other thing that the court said that I think
3 is of interest, potentially, if we didn't think that this
4 could be put into a summary judgment posture, would be
5 expediting a trial on the merits on the double patenting
6 issues. We could have the stand-still agreement continue
7 in place up to that point. It presumably wouldn't be
8 that far off. Maybe with some limited discovery, we
9 actually could try it on the merits.

10 And so without, as you said, absolutely
11 committing ourselves, my initial reaction is that I think
12 it would be doable, and it would be a creative approach
13 to what's a very, very important case that will have
14 important implications both for Columbia and for the
15 entire biotechnology industry. And I think everybody's
16 interests would be served, honestly, by finding a way to
17 get to a resolution promptly.

18 THE COURT: And what's Columbia's reaction?

19 MR. GINDLER: Good morning, your Honor. David
20 Gindler.

21 I see a number of problems. I'll put them into
22 two categories. The first is judicial economy and our
23 time, everyone's time. No matter what happens in this
24 courtroom on double patenting, we're going to have
25 reissue and reexamination proceedings. And no matter

1 what happens in this courtroom, those proceedings will
2 continue. This court could invalidate every single claim
3 of the '275 patent on double patenting grounds or any
4 other grounds, and the reissue and the reexamination will
5 continue on any new or amended claims that are submitted.

6 THE COURT: And, actually, a couple of things.
7 When we get into this -- and I'm starting with this, and
8 when I finished my notes about 25 minutes ago, I kind of
9 ended with it on the schedule -- but one of the things
10 that came into focus for me is that even with Mr.
11 Goldberger's invaluable assistance, I don't feel I
12 understand enough about the implications of reissuance
13 and reexamination here at ten in the morning. I may
14 think I do in a couple of hours. So that's well worth
15 talking about. And I'm going to explain all this to you
16 eventually, but I'm not inclined to stay this case, for a
17 variety of reasons, but one of them is I think that, you
18 know, some resolution at this level would be practically
19 very valuable. I think -- well, I wonder -- whatever I
20 think is very tentative, but I think it appears that the
21 simplest, maybe strongest argument that Biogen and
22 Genzyme have is that this is invalid for double
23 patenting.

24 The prosecution laches would require more
25 discovery. It might be less likely to be amenable to

1 summary judgment because there has to be an explanation,
2 because we have to decide what's reasonable. You know,
3 presumably, Mr. White can explain why he's been working
4 on this for 24 years, and Columbia will explain to me why
5 Mr. White is still doing this, although he fouled up so
6 terribly and drafted these narrow claims that didn't
7 cover everything he should have covered in the first 24
8 years he worked on this. But that may not be amenable to
9 summary judgment.

10 If I were to declare this invalid for double
11 patenting -- and so far I don't think I have anything
12 from Columbia on the merits of the double patenting --
13 you know, that might inform what the Patent and Trademark
14 Office is doing. You can take it up on appeal. You can
15 see where you stand.

16 If you win, if Columbia wins on double
17 patenting, and you think you've got a pretty good chance
18 of winning on prosecution laches, except maybe, as I read
19 it, I think, from Amgen, there's no serious question
20 about infringement. You're going to win on infringement,
21 I think. And, you know, we've got this -- we'll get to
22 it -- you know, these sort of conundrums created by the
23 two Cordis cases and the Gen-Probe case. But none of
24 this is supposed to be a game, you know, where people
25 have to take risks. You should get an answer.

1 So, you know, maybe the reissuance and
2 reexamination will go ahead, and maybe in the course of
3 today you'll explain it to me, but -- in a way that
4 alters my inclinations. But regardless -- you want to
5 defeat the preliminary injunction. And maybe I ought to
6 go through the whole thing. But on my present sense, the
7 only injunction I would issue is the limited one that
8 neither of you want with regard to the '636 and the
9 possibly emerging '159, if I have the numbers right. But
10 that can change. That's definitely an open question.

11 But if I don't give them the injunction, then I
12 assume they're not going to pay the royalty because they
13 don't want to end up in the Gen-Probe situation.

14 And then I really think a speedy resolution is
15 particularly important. If I do grant the injunction, I
16 wouldn't be amazed if you came back to me and said, you
17 know, let's not stay this, let's go ahead. Because in
18 some respects those cases educate somebody like me to
19 understand that, you know, the injunction kind of affects
20 the risks and bargaining power of the parties.

21 But what else about this proposal of carving
22 this double patenting out?

23 MR. GINDLER: I think the centerpiece of the
24 proposal that the plaintiffs have presented is that it
25 would be good to carve it out because there will be an

1 early resolution and, if it gets resolved, we're done.

2 And that would be attractive if it were correct, and the
3 problem is that it's not correct.

4 So, if this court were to go forward, carve out
5 double patenting, hold an early summary judgment hearing,
6 invalidate our patent, every single claim, what's going
7 to happen? Well, the most likely scenario is as follows,
8 and this is something the plaintiffs agreed with. Our
9 patent will come out of the Patent Office, come out of
10 reexamination and reissue with certain claims intact that
11 are new or amended, and we'll be back, and we'll do the
12 same thing all over again.

13 THE COURT: You might be back. You might have a
14 new license agreement. And I'll get to this when we get
15 to the stay, but they say I'm going to have to interpret
16 these claims anyway to decide whether to give them
17 attorneys' fees or to interpret the reissued claims.
18 But, okay, I guess I get the sense of it.

19 Is there more?

20 MR. GINDLER: I feel pretty comfortable in
21 saying that if our patent emerges from the Patent Office
22 -- and, remember, 64 percent of patents which go into
23 reexamination or reissue come out with new and amended
24 claims -- I feel pretty confident in saying the same
25 talented lawyers seated to my right are going to be back

1 here shooting bows and arrows at that patent. There's a
2 hundred percent chance of that, because they don't want
3 to pay royalties anymore. That's the gist of their
4 position. So the question is, should we do it once or
5 should we do it twice? I think we should do it once.
6 And that's why there's a large body of case law that
7 suggests at the absence of prejudice or in the absence of
8 a tactical attempt by the patent holder to delay
9 proceedings, a court should stay this.

10 THE COURT: I think you've only cited me one
11 case where somebody seeking declaratory judgment who
12 hasn't himself sought the reexamination got a stay.

13 MR. GINDLER: There are a lot of cases where
14 the procedural posture of the case is a declaratory
15 judgment. We cited just one. There are more cases in
16 this body of law than it would make sense to give to the
17 court. And the plaintiffs have cited some cases. We
18 have cited some cases. And we cite the cases that we
19 like best. But I think it will be fair to say the
20 following. The general rule is federal court should
21 stay, but it shouldn't if there will be prejudice or if
22 it was a tactical attempt by the patent order to shut
23 things down. And that happens.

24 THE COURT: We're going to get to that.

25 MR. GINDLER: Maybe I'm getting ahead of

1 myself.

2 THE COURT: Because this patent prosecution had
3 been going on for 24 years. I'll give you more details,
4 because this is at least confirming my sense that all of
5 these things are related. That's why I made somebody
6 from every party sit inside the rail.

7 MR. GINDLER: They are related. One final
8 point in this sort of preliminary time. Just remember,
9 we didn't want to go back to the Patent Office. We
10 didn't start this process. Somebody else did. We were
11 content to litigate, leave our patent right here. But
12 somebody over in the Patent Office said, take back their
13 patent, and that started the entire process. Once that
14 happened, the entire procedural landscape changed. It
15 was not our doing. It was someone else's doing. We
16 didn't do that. So the question is, well, now what? Do
17 we do it once, do we do it twice? I think once is
18 better. I'll discuss that in more detail within the
19 arguments.

20 THE COURT: Do you want to extend the
21 stand-still agreement until the Patent Office ends, then
22 we'll do it once?

23 MR. GINDLER: Absolutely.

24 THE COURT: You mean so you won't terminate
25 their licenses pending the end of the Patent Office

1 reexamination and reissuance?

2 MR. GINDLER: Let me be very clear. The
3 stand-still was we won't bring suit for infringement and
4 we won't seek to preliminary enjoin Biogen or Genzyme
5 during the interim period. And if the court were to rule
6 in their favor when it comes up for hearing, the court
7 can put their license back in place. It's terminated
8 now, but the court could enter a order nun pro tunc to
9 put it back in place. We will continue that in place.
10 We offered that.

11 We'll offer something more, actually. We have a
12 pending application in the Patent Office, the '159
13 application. If that issues as a patent, we won't sue
14 them on that patent, and we won't seek a preliminary
15 injunction on that patent. And I'll extend that exact
16 same offer, exact same representation, to every plaintiff
17 in this courtroom.

18 THE COURT: Just let me see if I understand it.
19 They wouldn't be paying you royalties during that period
20 of the stand-still?

21 MR. GINDLER: It would be nice if they did, but
22 I think they're not going to.

23 THE COURT: So if they don't pay you royalties
24 and you win, then you have all the remedies that would be
25 available under the patent law as if they had been

1 terminated by now?

2 MR. GINDLER: But only at the end of the day,
3 that's right. In other words, if the case is stayed, I
4 don't want to use the stay to try and get some tactical
5 advantage over any of the plaintiffs. I don't want to
6 say, I'll sue you in some other forum on the '275 patent
7 or, if the '159 application issues as a patent, I'm going
8 to sue you someplace else, because that wouldn't be fair.
9 I'm going to keep things in abeyance, hold things,
10 maintain the status quo. Let's see what happens in the
11 Patent Office. The proceedings there are supposed to be
12 expedited if there's a stay of litigation. Let's get
13 that done with. Let's see what claims come out, what
14 claims don't come out. If the whole patent is wiped out
15 in the Patent Office, we won't be back. That happens in
16 at least ten percent of the cases. If the claims change,
17 we'll know what the landscape looks like. We can have a
18 more focused, intelligent proceeding. But, in the
19 interim, nothing bad should happen to anybody, and we're
20 prepared to do nothing, and we'll just wait.

21 THE COURT: I think the plaintiffs are concerned
22 about the uncertainty in that period, but maybe I
23 misunderstand.

24 Mr. Ware, is this something you knew that was an
25 option?

1 MR. WARE: No, your Honor, and let me explain
2 why. Let me explain why everyone's interests are really
3 better served, I would say, by moving expeditiously to
4 resolve the double patenting issue. And I believe we can
5 move expeditiously, in fact, to resolve the prosecution
6 laches issue as well.

7 Mr. Gindler has pointed out that claims often
8 come out of reexamination intact or amended or what have
9 you, but the reason for that is because it's an ex parte
10 process in which Columbia with the resources of its
11 counsel is pressing all of these claims.

12 THE COURT: I apologize for cutting you off. I
13 know some of that. My question was a little more
14 focused. I asked you whether you had known about this
15 offer before.

16 MR. WARE: Yes.

17 THE COURT: The answer to that is yes or no. If
18 the answer -- well, is the answer to that yes or no?

19 MR. WARE: Yes.

20 THE COURT: You did know. Okay. And it's not,
21 for reasons you'll explain to me at some point, that's
22 not attractive?

23 MR. WARE: Yes. You want me to defer?

24 THE COURT: You can wait because I think it
25 merges into the stay.

1 MR. WARE: Yes.

2 THE COURT: Maybe I ought to go back, because I
3 may never get back to it. I mean, do I have the -- under
4 your present stand-still agreement, you're basically
5 agreed to stand-still until I decide. I don't think it
6 addresses what happens once I decide, whether there's any
7 stand-still in the Court of Appeals, Federal Circuit, or
8 whether you have to go seek relief, does it?

9 MR. WARE: The existing stand-still?

10 THE COURT: Right.

11 MR. WARE: The existing stand-still, I think,
12 and I looked over it this morning, I think it essentially
13 runs up to the time of the preliminary injunction
14 hearing. It was to get us up to this hearing.

15 THE COURT: I think it runs up to the decision.

16 MR. WARE: On the preliminary injunction.

17 THE COURT: Right. By me.

18 MR. WARE: Yes, but not to trial on the merits.

19 THE COURT: But what about to -- and it doesn't
20 mention what happens if I decide the motion for
21 preliminary injunction and then there's an appeal to the
22 Federal Circuit, does it?

23 MR. WARE: Correct, it does not.

24 THE COURT: Do I have the authority that usually
25 exists under Rule 65A2 to combine the trial with the

1 merits on the hearing on the motion for a preliminary
2 injunction?

3 MR. WARE: Yes, I believe you do. And what I
4 wish to add, in light of Mr. Gindler's comments, was I
5 think that one of the problems with the Patent Office
6 reviewing these claims again in an ex parte proceeding is
7 that as the examiners themselves pointed out during the
8 earlier prosecution, the issue of double patenting is
9 very much of a legal issue. It was something that they
10 found to be unclear to them. It's an issue that the
11 Federal Circuit has addressed on a number of cases
12 recently. But it's an issue that's best decided by this
13 court. And I think that the difference is that in the
14 ordinary case, while claims come out of reexamination
15 intact most of the time because it's an ex parte
16 proceeding, if the patent examiners of the Patent Office
17 had guidance from a Federal District Court, it would be a
18 very different story. And so what they would really be
19 left with would be the new claims that they want to add
20 or they want to begin prosecution on some new broader
21 claims. And those claims, I think, are not going to be
22 obtained in any case because they're genus claims.
23 They're trying to get genus claims over a species, and
24 the double patenting law is clear that you can't do it.
25 So Mr. Gindler's suggestion that all that the court does

1 will be for naught, I think, is mistaken.

2 THE COURT: We'll get to that. Let me ask Mr.
3 Gindler, under the stand-still agreement, do I have the
4 power that ordinarily exists under Rule 65A2 to merge the
5 trial on at least one issue with the hearing on the
6 motion for preliminary injunction?

7 MR. GINDLER: I'm confident that you do.

8 THE COURT: Would it be unfair for me to do
9 that, given the way the stand-still agreement, you know,
10 was sort of developed quickly?

11 MR. GINDLER: Well, I think it would be -- if
12 what you're asking is would it be unfair to implement the
13 proposal that I've made, which is just to hold everything
14 in abeyance, I think that would be fine. If the question
15 is should we basically have an expedited proceeding where
16 we carve out double patenting and just do that on some
17 sort of expedited track, I think there are some
18 significant problems. I've outlined some of them in my
19 previous remarks. I'll talk about that a bit more --

20 THE COURT: At the appropriate time.

21 MR. GINDLER: Yes.

22 THE COURT: Okay. So it's fair if I come out
23 your way.

24 MR. GINDLER: Absolutely, your Honor.

25 THE COURT: And I'll put Mr. Ware down for the

1 same, his way.

2 And, Mr. Gindler, what's your understanding of
3 when the stand-still expires? Is it when I decide or
4 when, if there's an appeal, the Federal Circuit decides?

5 MR. GINDLER: I believe the parties' agreement
6 is that it lasts until when you decide.

7 THE COURT: That's consistent with my reading of
8 what was there, unless you reach some further agreement.

9 And then, in response to my order, as I read
10 your submissions that were made on June 16 for Columbia
11 and 17 for Biogen and Genzyme, you each agree that I have
12 the authority to enter a more limited injunction than the
13 one that's requested if there's a proper basis, that is,
14 enjoin the termination of the license agreement for the
15 '636 and the '159. But you both think that that's not
16 what I should do. But what I'd like to confirm now is
17 what I read, that I have the power to do that if there's
18 a proper evidentiary basis, right?

19 MR. WARE: Yes, your Honor.

20 MR. GINDLER: Yes, your Honor.

21 THE COURT: All right. Then when we get to the
22 motion for a preliminary injunction, there's an issue of
23 what the questions are before there's an issue of the
24 standard, and I wonder if anybody thinks there's any
25 material difference between the law concerning a

1 preliminary injunction in the First Circuit and the law
2 in the Federal Circuit. In the Texas Instruments case,
3 the Federal Circuit says that, you know, a preliminary
4 injunction standard is essentially a procedural issue, so
5 you can use the iteration of the law in the circuit in
6 which the District Judge is sitting. Generally, it's the
7 same as the Federal Circuit, but Mikohn, M I K O H N,
8 Federal Circuit, says it does have some precedence that
9 reflects consideration to specific patent cases.

10 But does anybody -- well, I can tell you what I
11 think the basic law in the First Circuit is. It would be
12 helpful for me to know whether somebody thinks somehow
13 this is not right. I summarized in it the Cablevision
14 case, 38 F Supp 2nd 46 at 53, in 1999, for the First
15 Circuit. I said: The standard for obtaining a
16 preliminary injunction is familiar. I cited cases. The
17 burden of proof is on the plaintiff. The court is
18 required to weigh four factors. The first is whether the
19 plaintiff has shown a likelihood of success on the
20 merits. The second is whether the plaintiff has
21 established an imminent threat of irreparable harm in the
22 absence of a preliminary injunction. The court is also
23 required to balance the hardship to the plaintiff if no
24 injunction is issued against the hardship to the
25 defendant if the requested injunction is ordered. In

1 addition, the court must consider the effect of the
2 proposed injunction on the public interest. The Court of
3 Appeals for the First Circuit has said on a number of
4 occasions the likelihood of success on the merits is of
5 primary importance. It is the sine qua non for obtaining
6 the preliminary injunction. If a great showing of likely
7 success on the merits is made by a plaintiff, a reduced
8 showing of irreparable harm may be appropriate. In
9 addition, a preliminary injunction is an equitable
10 remedy. It does not issue automatically, even if the
11 foregoing criteria indicate that an injunction is
12 warranted. Thus, a court may properly consider any
13 inequitable conduct by the plaintiff. The court may also
14 consider any adverse impact on the public interest which
15 a bond cannot compensate and withhold relief for this
16 reason alone.

17 Although nobody in the courtroom except my clerk
18 and I seem to have focused on this, Federal Rule of Civil
19 Procedure 65C requires a prevailing plaintiff to post a
20 bond to pay for costs and damages that may be suffered by
21 defendants if defendants later prevail on the merits of
22 the case.

23 Does somebody think that the Federal Circuit
24 wouldn't feel comfortable with that standard for deciding
25 the motion for a preliminary injunction? There's one

1 refinement I'll add in a minute.

2 MR. WARE: We've looked at it, and we didn't
3 find that there was any material difference.

4 MR. GINDLER: We didn't see any difference, and
5 the factors you've recited reflect our understanding of
6 what the appropriate standard is to be applied.

7 THE COURT: And then this nuance, I think, has
8 some pertinence to this case in its present posture. As
9 I understand it, in both the First Circuit and the
10 Federal Circuit, a greater showing of likelihood of
11 success on the merits diminishes the degree of
12 irreparable harm that the plaintiff has to show, but the
13 plaintiff does have to show some irreparable harm. There
14 are First Circuit cases like *Ross Simons*, 217 F 3rd 8 at
15 13, that say that; *EEOC versus Astra USA*, 94 F 3rd 738 at
16 743 to 44; and then, again, the *Mikohn* case, 165 F 3rd at
17 895.

18 There's something of a sliding scale of
19 irreparable harm and likelihood of success on the merits,
20 but there has to be some irreparable harm demonstrated.

21 Do the parties agree with that?

22 MR. WARE: Yes, your Honor.

23 MR. GINDLER: I think that's correct, your
24 Honor.

25 THE COURT: And nobody has proposed any

1 testimony. I take it nobody thinks I have to hear any
2 witnesses if I'm going to decide the motion for a
3 preliminary injunction now or based -- well, nobody has
4 asked to present any witnesses, right?

5 MR. WARE: We have not. We submitted an
6 affidavit and, of course, it wasn't contested, so we
7 didn't see any need for witnesses, live witnesses.

8 MR. GINDLER: We have no witnesses here.

9 THE COURT: Well, why don't I take a little
10 while and tell you what my tentative views are, and then
11 I'll be, as you'll find me trying to be continuously, as
12 transparent as possible so we can talk about what's on my
13 mind.

14 It seems to me, based on what's been presented,
15 that the plaintiffs are likely to prevail on their claim
16 that the '275 patent is not valid. I understand the
17 patent is presumed to be valid and must be proven invalid
18 by clear and convincing evidence.

19 One argument Biogen and Genzyme have is that
20 there is this obvious type double patenting that violates
21 the judicially developed doctrine discussed in Geneva
22 Pharmaceuticals. If the harm that that doctrine
23 addresses appears would exist here, Columbia would get 17
24 more years, I think until 2019, if the '275 patent is
25 valid.

1 Biogen and Genzyme submitted the Lodish
2 declaration which, viewed in isolation, at least -- and I
3 don't have anything that challenges it -- seems to make a
4 powerful case for double patenting to the extent I
5 understand it at the moment.

6 As I said, Columbia has not offered evidence to
7 refute this, and I don't know if it's even offered
8 argument to refute it.

9 With regard to prosecution laches, the other
10 ground on which Biogen and Genzyme rely, Symbol
11 Technologies and then In Re Bogese tell me that that's a
12 viable doctrine. As I understand it, I have to consider
13 if the long delay in getting the patent, which I think
14 was about 20 years, is unexplained and unreasonable.

15 I don't think I have any explanation from Mr.
16 White, the attorney who prosecuted the patent. I guess
17 it took 22 years for the '275 patent to issue. Biogen
18 and Genzyme, I gather or would infer, the public thought
19 that the Columbia patent had expired. They made their
20 last payment. And a couple of days later, they get a
21 letter that says, oh, we just got another one.

22 So maybe this all requires some -- you know, if
23 that were the end of the inquiry, it appears that Biogen
24 and Genzyme on the present record are likely to prevail
25 in proving that the '275 patent is invalid. But it

1 doesn't seem to be the end of the inquiry because I have
2 to consider the implications of Cordis I, Cordis II, and
3 Gen-Probe.

4 As I read it, Cordis I seems to hold that a
5 licensee cannot refuse to pay royalties or escrow
6 royalties in litigating the validity of a patent.

7 I'm interested in hearing from all of you on
8 these cases, particularly. I'm interested in hearing
9 from you on everything, but you all recognize that these
10 cases are particularly important.

11 My present reading of Cordis I is not that it
12 simply involved the failure of proof regarding likelihood
13 of success on the merits. I think the Federal Circuit
14 actually found that the evidence was sufficient to prove
15 the patent was invalid for purposes of going forward.
16 The evidence was insufficient to prove that it should be
17 found invalid at its inception. You're going to have to
18 explain to me how that distinction comes up, but that's
19 the way I read it. So it did seem to be saying rather
20 broadly that the licensee cannot refuse to pay royalties
21 or escrow royalties and litigate the validity of the
22 patent. And there seemed to be fairness concerns to me
23 that run through the three decisions. But this case is
24 not factually identical to any of them.

25 Basically, as I said, the theory of Cordis I

1 seems to me to be that it's not fair to let a licensee
2 litigate without risk and cap damages at the licensed
3 rate. In other words, if you want to challenge the
4 validity, you're going to run the risk that if you lose
5 and you haven't been paying license fees, you're going to
6 deal with Columbia's effort to get more than the license
7 fees to the extent the law permits it.

8 Gen-Probe seems to say that if a licensee pays
9 the royalties during the pendency of litigation, there's
10 not a sufficient actual controversy to merit relief under
11 the Declaratory Judgment Act, rather, the court lacks
12 subject matter jurisdiction.

13 The Federal Circuit said in Gen-Probe: The
14 licensee must "stop paying royalties before bringing suit
15 to challenge the validity or scope of the licensed
16 patent."

17 But the Federal Circuit said that it was relying
18 in part on undesirable results of allowing litigation
19 while Gen-Probe paid the patent. But in Gen-Probe, the
20 license was granted after a dispute arose. In essence,
21 the parties had settled the dispute by entering into a
22 license agreement, and then Gen-Probe, I guess, decided
23 that it learned something else and wanted to challenge
24 the validity of the patent.

25 Here, the license was entered into for a bundle

1 of Columbia patents that didn't include the '275 at the
2 time the license was entered into. So, while Gen-Probe,
3 the recent case, seems to state a broad proposition, the
4 equities are arguably different in this case.

5 And in Gen-Probe, the Federal Circuit did not,
6 as far as I could see, address or say whether it was
7 overruling Cordis II because, in Cordis II, it says on
8 page 861, the plaintiff continued to pay royalties on the
9 tine leads and refused to pay royalties on the fin leads
10 that it said were not covered by the patent at issue.

11 And the Federal Circuit said that case was
12 unusual because neither the validity of the patent or the
13 validity of the license were at issue. And I know the
14 validity of the license is at issue here. So, on a
15 literal level, this could be distinguished. But it
16 seemed to me that, essentially, the Federal Circuit was
17 allowing Cordis to litigate what in the antitrust context
18 is called a tying arrangement. Where the defendant is
19 attempting to compel the plaintiff to pay royalties, it
20 might not be -- that the defendant might not be entitled
21 to for one product, fin leads, in order to maintain the
22 license to the products covered by the defendant's
23 patent.

24 And in my perception, and this is why this idea
25 of the more limited possible preliminary injunction

1 emerged, arguably, this case is analogous. Arguably,
2 Columbia is trying to require that Biogen and Genzyme pay
3 royalties regarding products relating to the '275 patent
4 to maintain its right of license, at least on the present
5 terms, to the '636 patent, which I know is not now being
6 used, and the '159, if it emerges as a patent.

7 And I get the sense that that '159 may be very
8 important to Biogen. You have to tell me whether that's
9 right and whether it's in the record. I get the sense
10 that the '159 is aimed at, you know, right at what Biogen
11 does to produce Avonex. And I have to decide this case
12 based on what's in the record. I don't know if this is
13 what's in the record in this case, and I don't even know
14 if it's true anymore. But when I had the Biogen versus
15 Berlex case several years ago, I think Avonex was like
16 Biogen's only product, or it was a huge part of its
17 revenues. So if you destroyed their ability to sell
18 Avonex, you put them out of business at that time. I
19 don't know if that's still true. In fact, maybe I
20 misremember. Maybe it was never true.

21 So, in one sense -- and this is something I've
22 been struggling with -- I perceive that there's an
23 imminent threat -- well, this is true -- I mean, there's
24 an imminent threat that Columbia will terminate the
25 license in the absence of a preliminary injunction. The

1 letters have been sent. You know, if I were to deny the
2 preliminary injunction, the stand-still ends. The
3 licenses, including for the '636 and any rights that
4 emerge from the '159 application, are gone.

5 So, in that sense, there's a kind of concrete
6 harm. You've lost a right. But -- well, and, arguably,
7 it's irreparable harm. Biogen and Genzyme are not using
8 the '636. But maybe it would in the future, although I
9 don't have any evidence to suggest it intends to -- that
10 anybody is planning to. But if the licenses are lost and
11 the '159 is issued, Biogen and Genzyme may not be able to
12 license them again, and that could impact their
13 businesses.

14 But there is -- there are a line of cases that
15 the threat -- that say the threat of harm must be more
16 than conjecture or unsubstantiated fears in the future.
17 Charles Bank Equity Fund, 2004 Westlaw 1205717, decided
18 on June 2 of this year, is a recent iteration of this by
19 the First Circuit.

20 So I wonder if the '636 is not being used, the
21 '159 might not even become a patent, is losing the
22 license to those sufficient to constitute irreparable
23 harm?

24 But if it is, the loss of the bundled rights to
25 the '636 and possibly the '159 are a minimal form of

1 irreparable harm. Maybe it's sufficient to justify a
2 preliminary injunction, given the strong showing on the
3 present record of likelihood of success on the merits,
4 even if there wouldn't be in a case with a record that's
5 more competitive on what the ultimate outcome on validity
6 appears to be. I don't know.

7 And then I'm wondering whether in view of Cordis
8 I and II and Gen-Probe, both a permissible and equitable
9 resolution on the motion for a preliminary injunction, if
10 I decide it now and don't merge it with a trial on the
11 merits of something, might be to permit Columbia to
12 terminate the license with regard to the '275, so then
13 Biogen and Genzyme are at risk there the way Cordis I
14 seems to say it should be, but not permit Columbia to
15 terminate the license with regard to the '636 or '159 if
16 it becomes a patent.

17 As I said, that would put Biogen and Genzyme in
18 a position that the plaintiff was in Cordis I. It's not
19 litigating risk free. But as in Cordis II, it doesn't
20 permit Columbia to use the leverage or the threat of the
21 possible '159, which I think it claims that Biogen and
22 Columbia -- and Genzyme should not even now know about
23 to, plaintiffs would say, extort payments to the '275
24 patent that is on the present record likely to be held
25 invalid and/or unenforceable.

1 It also seems to me that, theoretically, Biogen
2 and Genzyme could also establish a form of irreparable
3 harm by proving for present purposes that if their
4 licenses are terminated, they would lose market share.
5 In Cordis II, 835 F 2nd at 864, the Federal Circuit said
6 that loss of market share can be irreparable harm. But I
7 don't think Biogen and Genzyme have offered any evidence
8 on this. There's a paragraph in one of their briefs that
9 addresses the issue, but I don't think I have it in any
10 affidavits.

11 If there was a demonstrated substantial risk
12 that Biogen and/or Genzyme would lose customers if the
13 licenses were terminated, I think a preliminary
14 injunction would serve the public interest, which was a
15 consideration.

16 Somebody is going to have to explain to me
17 Genzyme's products and tell me whether the record shows
18 there's competition for them. But, as I understand it,
19 Avonex is a multiple sclerosis drug. So if doctors
20 stopped prescribing Avonex because it was uncertain
21 whether a patient who started on it would be able to
22 continue to use it because maybe they'd infringe and
23 they're going to get enjoined, this could be harmful to
24 human health and, therefore, adverse to the public
25 interest.

1 I don't now view the threat of counterclaims for
2 infringement of the '275 as a form of irreparable harm.
3 I think there would be an adequate remedy of law. If
4 Columbia came in for a preliminary injunction and all I
5 had is what I have now, there would be an invalidity
6 defense, and I don't think -- I think there's an adequate
7 remedy of law.

8 And then, as I said, neither party has addressed
9 the amount of the bond that should be required if a
10 preliminary injunction is granted. And that's a
11 requirement under Rule 65C. If I were to grant the
12 injunction, I would have to order a bond, and the bond
13 would likely, in my quick thinking, have to be an amount
14 or should be an amount that's greater than the royalty
15 rate. I mean, it wouldn't be less. And then there are
16 costs. I'm not sure if costs include attorneys' fees. I
17 didn't refresh myself on that. But Columbia would argue,
18 I think, that they're going to be entitled to more than
19 the royalty rate. And I don't know whether that bond
20 requirement is material to anybody's position. But it
21 really needs to be focused on. It might conceivably make
22 a difference in the positions.

23 If I issued a preliminary injunction that only
24 directed that the license continue for the '636 and the
25 '159 if it emerges as a patent, then the bond would be in

1 a smaller amount, because there are no royalties going to
2 Columbia now, as I understand it, on the '636. It's not
3 being used.

4 We're going to get into it, but in one way or
5 another, I'm not at the moment inclined to grant a stay.
6 I know I have the authority to do it. But that Ethicon
7 case, 849 F 2nd at 1428, talks about the different
8 approaches taken by the PTO in courts and how, therefore,
9 they could each correctly reach different results from
10 the same evidence. There's a possibility that I'll hear,
11 you know, hear different evidence than the PTO would
12 hear. I think a judicial -- I think I can consider some
13 issues that the PTO can't. But judicial proceedings are
14 far more adversarial. The adversary process frequently
15 make things look different than an ex parte proceeding
16 does. And I know that there are limited rights that
17 Biogen and Genzyme might have if they filed their own
18 protests, but I don't think they're the functional
19 equivalent of what you get in court.

20 And, as I said, and perhaps there are other
21 cases that would educate me, but I thought that Implant
22 Innovations case was the only case that was cited where a
23 stay was granted against a party moving for a declaratory
24 judgment which did not itself request the reexamination.

25 There are some things in this case that favor

1 legitimately granting the stay. Those cases are at an
2 early stage. Reexamination, I accept, would be less
3 expensive than litigation. Maybe the decision by the PTO
4 would simplify some issues or change the issue. But at
5 the moment it seems to me that these factors are
6 outweighed by countervailing considerations, including
7 the fact that, as I understand it, the reexamination was
8 not fully open to the public or truly adversarial. MPEP,
9 section 2200, is captioned Ex parte Reexamination of
10 Patents. I think the parties in this case would have no
11 right to be heard unless they filed their own request for
12 reexamination, which would generate more delay.

13 I actually have doubts as to whether the Patent
14 and Trademark Office can address the prosecution laches
15 argument as it's presented here. In In Re Bogese, 303 F
16 3rd 1362, the Federal Circuit did hold that the PTO may
17 refuse to grant a patent because of prosecution laches.
18 However, it also reaffirmed a 1975 decision of the Patent
19 and Trademark Office Board of Appeals, an ex parte caller
20 that required the PTO to give an applicant notice before
21 it could properly order forfeiture of patent rights.
22 Thus, although the PTO could put Columbia on notice that
23 further dilatory prosecution during the reissue might
24 result in forfeiture, if Columbia ignored the warning and
25 refused to reissue the patent, at least as I at the

1 moment understand it, I doubt that the PTO could properly
2 revoke the '275 patent based on dilatory practices if
3 there are any that have already occurred.

4 As I understand it, the PTO cannot compel
5 testimony from Mr. White or other witnesses on that. The
6 information I've been given says that the average
7 reexamination takes 21 months. And I do know that a stay
8 -- if I granted a stay, the Patent and Trademark Office
9 would give priority. But I don't think the record tells
10 me even what the average is when there's also a
11 reissuance linked to the reexamination. It seems to me
12 that the case may proceed faster if I focus on the double
13 patenting issue. And it seems to me that the plaintiffs
14 -- this is tentative -- will be harmed in meaningful ways
15 if this action is stayed.

16 The reexamination and reissue may moot some
17 issues in the case, but I don't see it resolving the
18 parties' disputes. While any stay is in effect, the drug
19 company's potential damages will mount with uncertainty
20 over whether they owe Columbia royalties on its products.
21 It may create difficulty in pricing those products. It
22 may cause the delay of introduction of new products or
23 needlessly invest money in efforts to design around the
24 invalid patent.

25 And a stay would have the effect if not purpose

1 of causing a delay in the case, which involves in part
2 the assertion of the '275 as unenforceable because of the
3 delays. And now after 24 years -- now, 24 years after
4 the filing of the original application, John White, the
5 attorney who is still representing Columbia -- I think he
6 has for the past 24 years, if I understand it right -- is
7 telling the Patent and Trademark Office that the patent
8 should be reissued because the earlier claims he filed
9 were not broad enough.

10 If the '275 is invalidly written as written, it
11 seems to me that the broader claims may be invalid too,
12 although I'd have to hear more about this. But I'm not
13 sure I understand the genus of the species. It's far
14 from my high school biology. But I'm educable. But if
15 you're talking about that you're trying to go from a
16 specific like CHOs to even broader mammals, I was
17 engaged by that, but maybe that's not a good analogy,
18 because maybe everybody knew you could do things with
19 Chinese hamster ovaries, and nobody imagined you could do
20 it with mammals generally. I don't know.

21 But, in any event, I think the Founding Fathers
22 thought that, if you got a patent, it was going to go for
23 17 years, not 24 or 31 or whatever it is. And Columbia
24 has been very alert. I guess they filed one of those
25 applications a day before new law from the Uruguay round

1 came into effect, which, you know, would have said 20
2 years is the maximum, 20 years from the first
3 application.

4 That in the absence of prosecution laches may be
5 all permissible. This is probably one of the last
6 patents to get grandfathered in that way. But when I
7 look at the stay, it's sort of an equitable thing. This
8 has just been going on a long time.

9 So I'm inclined to deny a stay, either -- carve
10 out -- I'm thinking about it -- "inclined" may be too
11 strong -- but I've been seriously thinking about denying
12 the stay, carving out that double patenting issue. I
13 could postpone -- you know, I could merge the trial on
14 the merits with the hearing on the double patenting.

15 The one thing I'm inclined to permit go on
16 simultaneously -- some of the parties say there's some
17 witnesses who are getting well up in years, and maybe
18 their depositions ought to be taken and maybe Mr. White's
19 deposition on prosecution laches.

20 But, basically, on the double patenting, sort of
21 -- I mean, this is what I do -- this is merging into some
22 of your disputes on the schedule. Then I'm going to
23 stop. But I'm inclined to do what you call staging the
24 case. I would say phases. Carve out the double
25 patenting issue.

1 It's my usual but not unalterable practice to do
2 a Markman hearing in connection with a motion for summary
3 judgment. And, in fact, when Judge Young said the
4 practice of this capital C Court is not to do that, he
5 was talking about himself. He wasn't talking about the
6 District Court for the District of Massachusetts.

7 And, in fact, Mr. Goldberger while he was in his
8 summer employment happened to watch that hearing. Ten
9 minutes after he did the Markman hearing, he took a
10 break, and Judge Young did the summary judgment.

11 You think I'm trying to go fast.

12 A couple of weeks ago, I did a Markman hearing
13 that wasn't in the context of summary judgment. In fact,
14 it involved Serono, and the parties agreed that I should
15 do it. So I went along. I found it very difficult. It
16 was just too abstract for me to really -- didn't feel as
17 comfortable as I would have if I was doing it on summary
18 judgment. And the law is that any claim interpretation,
19 as I understand it, can change, if my understanding
20 changes in the course of the case. So I think the more
21 information I have, the better chance -- I won't even say
22 more likely, but the better chance I have to get it
23 right. And I'll listen to anything and be open minded,
24 but my informed intuition is that I'll be better in this
25 case if I do the claim construction in the context of

1 summary judgment.

2 If Biogen and Genzyme, you know, win on that,
3 maybe everything else is moot. You can go quickly to the
4 Federal Circuit. It will inform the PTO. It will take
5 care of the case. If they lose on that, either at
6 summary judgment or at a trial. Because what I would do
7 -- I mean, I think, you know, it makes sense. You know,
8 Columbia says, tell us what the double patenting
9 contentions are. I think that they've done that to a
10 pretty specific degree in that Lodish declaration. But
11 if you need more, figure out what more. The Federal and
12 Local Rules for automatic discovery will apply here. So
13 I would anticipate that the plaintiffs would have to turn
14 over in automatic discovery, you know, this is the
15 information we're relying on for these contentions, and
16 here's Doctor Lodish.

17 And then I'd give a reasonable period of time
18 for Columbia to come back and do the same thing. If you
19 have an expert, you know, here's our expert, here's our
20 expert report, under Rule 26F or whatever it is. But,
21 basically, you have Federal Rule of Civil Procedure 26A1
22 and Local Rule 26.2A that require certain automatic
23 disclosures.

24 If I understand it right, there might only be
25 one expert witness on each side. Double patenting, turn

1 over the contentions, the documents, take two
2 depositions, file your motions for summary judgment. If
3 they're filed in September and October, give me a couple
4 of weeks to try to catch up to you, we could have a
5 hearing on a motion for summary judgment. And if it
6 can't be properly resolved on summary judgment, maybe a
7 couple of weeks later we could have a trial on that
8 issue, be finished by Christmas here on that issue, if
9 that's a reasonable schedule.

10 You know, this seems to be the contention, and
11 there seems to be some advantages to that. One, if
12 Biogen and Genzyme on behalf of everybody take their best
13 shot and fail, maybe you renegotiate something. That
14 kind of approach may eliminate discovery issues relating
15 to trade secrets or competitors. I need to hear more
16 about this. Columbia doesn't think it's important, but
17 it engaged my interest. And if the '275 is valid and
18 enforceable, as I said at the outset, I don't think
19 Biogen and Genzyme contend they wouldn't be infringing
20 it. I thought that was only Amgen that seemed to have a
21 serious non-infringement contention. And I don't think
22 there would be duplicative discovery on that approach
23 because the fact witnesses, except for those who are
24 perhaps older and Mr. White, wouldn't be deposed in this
25 first stage.

1 I don't know whether the deposition and
2 discovery materials from the other cases would be
3 relevant.

4 Anyway, we've now gone an hour and-a-half, and
5 you haven't had an opportunity to make any arguments, but
6 you now have a moving target. I think, unless you want
7 to ask me a question, what I'll do is take a break for
8 the stenographer for ten or 15 minutes. Think about this
9 and whether this tentative thinking, which is a position
10 that's different than what anybody advocated or has some
11 questions that nobody else raised, you know, affects what
12 your positions are. And, indeed, if you want some time
13 to talk about all this, I'll give it to you, because I
14 like to do something that's fair, that's legally sound,
15 but gets this to some reasonably prompt resolution on
16 some of the issues, if that can be fairly and feasibly
17 done.

18 It may make sense to articulate this. My
19 general sense of this case is it not only involves a lot
20 of money, plainly a lot of lawyers, you know, but you're
21 talking about drugs that potentially are very important
22 to human health, and I know that NIH says, in effect,
23 that Columbia has to license (sic) on reasonable grounds,
24 and you can tell me more about that. Maybe that will
25 diminish my concerns. But it just seems to me that what

1 happens in the Patent and Trademark Office is not likely
2 to resolve this. I'm going to have to deal with it
3 sooner or later. And, you know, judges are busy, and
4 sometimes it's nice to have a good reason if not an
5 excuse to put something off for a couple of years. But
6 it just wouldn't be -- that's not the way I do things (A)
7 and (B), given the nature of the products, it's just not
8 in the public interest.

9 You know, if I'm persuaded that staying the case
10 is in the public interest, of course, I'll do it. But
11 now you know everything I know.

12 So why don't we take a break until about 11:15.
13 Why don't you spend -- two teams, you know, huddle for
14 about ten minutes. But talk to each other for a couple
15 of minutes too and see whether there's anything in here
16 that you agree might cut through some or all of this or,
17 you know, you think is worth talking about rather than
18 going right into the argument. And I've got all of today
19 put aside for this. We'll spend as much of today as
20 necessary on it. Okay?

21 Anything before we break?

22 Court is in recess.

23 (Short break.)

24 THE CLERK: Court is back in session. You may
25 be seated.

1 THE COURT: As you requested, we had about what
2 turned into a 40-minute break so you could think about
3 all this, confer, make calls.

4 Has there been any evolution to the thinking of
5 the parties as to how we ought to proceed?

6 MR. WARE: Your Honor, Don Ware for Biogen and
7 Genzyme. We certainly have now had an opportunity to
8 speak with our clients, and my initial reaction to the
9 court's suggestion of consolidating the preliminary
10 injunction with a hearing on the merits is confirmed,
11 that we think that that would be a very sensible way to
12 proceed.

13 As we've, I think, all noted, it's very much in
14 everybody's interest for a variety of reasons to get to
15 these issues and to resolve them as soon as we can.

16 That being the case, if we were to go that
17 route, it would be my understanding that we would not be
18 pressing the preliminary injunction argument at this
19 time, but that the stand-still arrangement that is
20 currently in place would continue. The only possible
21 clarification of that would be I'm not sure whether Mr.
22 Gindler's earlier offer to include the '159 application
23 should it issue as a patent during that time frame would
24 be encompassed. Perhaps we can clarify that. But we
25 think that with this kind of time frame that we could

1 continue to live with the stand-still. And although I'm
2 certainly happy and quite prepared to address the court's
3 comments on the various factors entering into preliminary
4 injunction, it would seem to me to be unnecessary to do
5 so if that is the course that we follow.

6 THE COURT: Let me try to clarify. I was
7 talking about doing this in phases and focusing on the
8 double patenting, but not the prosecution laches in the
9 first phase. Is that what you're referring to also?

10 MR. WARE: I did understand that, your Honor.
11 As to that, one thought, though, that I would like to
12 offer is that there is not very much discovery that we
13 would take with regard to prosecution laches. There's
14 particularly the deposition of John White. And I would
15 hope that in the time that we would be permitted to
16 proceed with that discovery, so as to be sure it isn't
17 lost.

18 THE COURT: And I had referred to that.

19 MR. WARE: That's what I thought.

20 THE COURT: I don't know how old Mr. White is or
21 what his --

22 MR. WARE: Classmate of Mr. Maffei.

23 MR. MAFFEI: Good high school, your Honor.

24 THE COURT: I've got another basis for recusal.
25 Mr. Maffei is a graduate of Boston Latin School, and I'm

1 one of three honorary graduates of Boston Latin School.
2 The first one was John F. Kennedy. The third one was
3 Bill Cosby. We had a distinguished Boston Latin School
4 alumnus two weeks ago sitting at the table Mr. (Sic) is,
5 but those are not the ties that bind for these things.

6 But the idea is you would take Mr. White's
7 deposition on your proposal and -- but we wouldn't be
8 having summary judgment -- or we might or might not be
9 having summary judgment on prosecution laches.

10 MR. WARE: I think we could revisit that, but I
11 think that in terms of the discovery that we would need
12 just to get under our belt for prosecution laches would
13 be the deposition of John White, and there would probably
14 be a deposition of Columbia or a 30(b)(6) deposition, but
15 very little. And it's very unlikely that there will be
16 factual disputes. The record is what it is. The patent
17 prosecution record is what it is. And, of course, Mr.
18 White will offer his explanation for the delays, and I'm
19 not sure that there will be further factual disputes
20 about that. He'll say what he says, and the court
21 ultimately will have to decide whether that's an adequate
22 excuse, I guess.

23 THE COURT: And what's -- just so I understand
24 it, that means that if you lost on summary judgment or
25 trial, the licensing agreements would be deemed

1 terminated, I think, with regard to Biogen in April and
2 Genzyme in May, or maybe I've got them reversed.

3 MR. WARE: They are one month apart, that's
4 right. I think at that point we would perhaps, if that
5 eventuality occurred, I think we'd take up with the court
6 whether that might be continued through the Court of
7 Appeals proceeding.

8 THE COURT: That might have to be litigated,
9 whether there's a stay, but --

10 MR. WARE: I don't see any need to take that up
11 now.

12 (Short pause.)

13 THE COURT: One of the issues about how much
14 time -- one of the reasons I was inclined to not put
15 prosecution laches in a first stage is that you might
16 want expert opinion on the reasonableness of the delays.
17 That could stretch things out. There's a Reiffen, R E I
18 F F E N, versus Microsoft case that relates to that, as
19 you know.

20 What's Columbia's reaction to this approach?

21 MR. GINDLER: Well, we're jumping ahead a
22 little bit to the assumption we're going to have a
23 schedule, but, okay, let's go there. I think it would be
24 not a good thing to include prosecution laches if there
25 is going to be a first phase for a number --

1 THE COURT: Let me ask you -- don't go there
2 yet.

3 MR. GINDLER: Okay.

4 THE COURT: In other words, what about this idea
5 -- and we have to talk about how much time we're talking
6 about -- but what about this idea, you know, of a first
7 phase that includes at least and maybe only double
8 patenting that I've assumed in some number of months, not
9 years, you all could properly prepare for summary
10 judgment with the trial not long after if it's not
11 amenable to summary judgment, and the stand-still would
12 continue in that period. As I understand it then, if
13 Columbia were to win -- well, if Columbia were to win on
14 double patenting and I still hadn't decided prosecution
15 laches, the stand-still would not necessarily -- I mean,
16 I think you'd have to revisit the stand-still. If you
17 wanted to renew the motion for preliminary injunction,
18 saying they don't have a reasonable likelihood of
19 prevailing on prosecution laches, the analysis might be
20 different than it is with the double patenting. And I'm
21 just thinking off the top of my head.

22 MR. GINDLER: There are a lot of reasons why I
23 think it would not make sense to do this in stages or to
24 not stay the case. But I do want to be responsive to
25 your Honor's question. And if the court were inclined to

1 give us some sort of staging, with the first stage
2 limited to some discrete issue or issues, I think it
3 would make sense to limit it only to double patenting,
4 and there are a number of reasons for that.

5 THE COURT: Why don't you tell me those reasons.

6 MR. GINDLER: Prosecution laches, there's a
7 bunch of law on the subject, and a lot of the law on the
8 subject has a requirement that the plaintiff show
9 prejudice. In other words, it's a personal defense. So
10 it's not just showing there was unreasonable delay that
11 can't be explained, but each plaintiff must show how they
12 were prejudiced. They were relying upon invention being
13 in the public domain. They didn't know it was out there.
14 And all the plaintiffs have alleged prejudice in their
15 complaints because they think it's a requirement. So
16 that means the discovery would be a lot more than just a
17 deposition of John White and maybe the other attorneys
18 who were involved in prosecuting the patent.

19 THE COURT: Let me ask you this question. I
20 thought that Judge Walker's decision in that Reiffen case
21 was helpful.

22 MR. GINDLER: Does not require prejudice.

23 THE COURT: That was my memory. But he did
24 survey how the different courts had different
25 requirements. Okay. That's confirming my memory.

1 Actually, it might be another reason to carve out the
2 prosecution laches. The Federal Circuit, every time I
3 get a big patent case, I'm reminded, decides a lot of
4 cases. Sometimes things that are unclear in June are
5 decided in September, and I don't know what's in the
6 pipeline. But there seems to be a lot of litigation on
7 this subject.

8 MR. GINDLER: There has been more recently, and
9 I think before Rifin, I think the majority view would
10 have been that you have to show prejudice. And so Judge
11 Walker thought not, but I think he acknowledges the large
12 body of law that would suggest otherwise. So that would
13 mean that we'd want to have discovery on all of the
14 prejudice that each one of the plaintiffs would want to
15 show. And that really changes the landscape of the case.

16 I have one other thought on the issue, which is
17 that if we're going to have a schedule which carves out
18 some issue, it should be done in a way that's fair. So
19 if you give them most of their claims, we don't have any
20 of our claims, that doesn't seem fair.

21 THE COURT: What do you mean, your claims?

22 MR. GINDLER: Here's what I mean. If the case
23 were simply to go forward without any staging, we would
24 likely be filing infringement counterclaims. They would
25 have their validity defenses. Okay. Well, if we do

1 staging, what the plaintiffs would like is to have, in
2 their perfect world, all of their (sic) defenses and none
3 of our counterclaims. That's their perfect world because
4 there's no risk for them.

5 THE COURT: How would your counterclaims -- what
6 issues would the counterclaims add? And let me just tell
7 you what my thinking is, because there's a good chance
8 that it's me and not you who's missing something here.
9 But with regard to Biogen and Genzyme as opposed to
10 Amgen --

11 MR. GINDLER: Mm hmm.

12 THE COURT: -- I operate on the assumption that
13 if the '275 is valid, they infringe it. So let's say
14 just hypothetically in November on summary judgment or in
15 a trial -- and I just pick that -- you all are going to
16 have to educate me on what's kind of the minimum
17 reasonable time, but reasonable has to be part of it.
18 You know, let's say in November, hypothetically, you win,
19 either on summary judgment or at trial or a jury decides
20 that there's not double patenting. At that point, I
21 think -- you know, there has to be some refinements to
22 the stand-still agreement, because I'm not suggesting
23 that I think you ought to be stuck with this if you don't
24 want to be indefinitely. You know, at that point, either
25 the agreements would be terminated or you would renew

1 your motion for summary judgment based on prosecution
2 laches, and maybe the record should be as it is today. I
3 don't quite know how that would work. But what's the
4 problem?

5 MR. GINDLER: So here's a concern. I raise one
6 issue about having a level playing field. Our
7 infringement counterclaims, the first step in any
8 infringement analysis is the first step in any invalidity
9 analysis. It's claim construction, okay? Why should we
10 have a Markman hearing twice, and that's what's going to
11 happen.

12 THE COURT: Why would we have it twice?

13 MR. GINDLER: Because I think it's virtually
14 certain that every plaintiff that is in this room will
15 defend on the grounds they don't infringe.

16 THE COURT: I know, but if I've -- I mean, in
17 terms of the Markman part of the hearing --

18 MR. GINDLER: Yes.

19 THE COURT: -- and this is why we have
20 Multi-District Litigation -- I mean, I could let
21 everybody be heard, not just Biogen and Genzyme, but
22 everybody be heard on the claims.

23 MR. GINDLER: Yes.

24 THE COURT: Because I want the best information
25 possible. And then I'll construe those claims to the

1 best of my ability at that time, and that will be the
2 claim construction for all purposes in the case, unless
3 I'm later convinced I made a mistake. But I'll try to do
4 it carefully the first time if it's in a concrete
5 context. And then it was my thought that it was really
6 only Amgen where there would be any contested issues on
7 infringement if you have a valid '275 patent.

8 MR. GINDLER: I think if you were to poll all
9 the plaintiffs in this courtroom and ask them if they
10 concede infringement, I feel pretty comfortable in
11 saying, no one is going to concede infringement. They
12 will fight us to the nail on infringement.

13 Let me go back to the point about the Markman
14 hearing.

15 THE COURT: And what kinds of issues or defenses
16 would they have on infringement?

17 MR. GINDLER: I have no idea, because I think
18 they infringe, but, you know what, there's a lot of money
19 at stake, and I'm just going make a bold prediction that
20 they're all going to say, we have not infringement
21 attached to this. I'm happy to have them say it right
22 now, but it's just my bold prediction.

23 THE COURT: And what generically is a
24 non-infringement? I mean, it's a fact specific defense.

25 MR. GINDLER: It will be fact specific.

1 They'll say, we don't practice this element of this
2 claim.

3 THE COURT: But I'll have already construed the
4 claim. I won't be doing claim construction twice.

5 MR. GINDLER: But will you have, though?
6 That's my other point, which is that Markman will now
7 take place with their views on what are the double
8 patenting issues, what are the key terms to construe for
9 double patenting purposes? Well, what are the key terms
10 to construe for infringement? They are not necessarily
11 -- in fact, I think they are not coextensive. So your
12 Honor is likely to have a second Markman hearing on that.
13 And your Honor might have a third Markman hearing. Why?
14 Because they have other invalidity defenses. They have
15 101, 102, 103, all of the usual things you see, and those
16 might raise additional questions about what terms to
17 construe.

18 You made a very good point before we broke,
19 which is that you like to have some context when you do a
20 Markman hearing. What's this all about? Well, you won't
21 have that context. You'll have one context, the context
22 of double patenting, but not infringement, not
23 obviousness, not 101, nothing else.

24 THE COURT: I also like things to be in sort of
25 manageable bite size pieces. But it is hard to pick it

1 up and put it down. Let me go right to it, because I
2 could ask them the infringement questions, but I'm
3 sitting here. I have, I think, nothing in the record
4 where Columbia for the purposes of the motion for
5 preliminary injunction essentially defends the validity
6 of the patent. I don't have an expert affidavit
7 challenging Doctor Lodish. I don't have anything that
8 explains, you know, why it took so long for the '275 to
9 be prosecuted and mature.

10 Do you expect -- do you have an expert? Do you
11 have an explanation? They're two separate questions.

12 MR. GINDLER: Oh, of course we do, your Honor.
13 In fact, we thought very hard about whether or not to
14 meet the challenge, and we thought we did not have to
15 under Cordis I, and I'm happy to talk about that issue
16 now or later. I'm also happy to talk about why some of
17 the reasons we think the '275 patent is different, a
18 different invention than the earlier patents. But we
19 didn't address that issue because Cordis I says it's not
20 relevant. In fact, it explicitly says it's not relevant.
21 And so why should I have a big fight --

22 THE COURT: It's not relevant --

23 MR. GINDLER: It's not relevant to the question
24 of success on the merits of the issue presented in the
25 motion, which is do I -- does Columbia have or not have

1 the right to terminate? That's the question. Not
2 whether are they going to invalidate my patent?

3 THE COURT: Actually, that's what you haven't
4 persuaded me is the ultimate question. I may not have
5 made that sufficiently clear because --

6 MR. GINDLER: I think you made that clear.

7 THE COURT: That's what I'm having trouble --

8 MR. GINDLER: I thought you did make that
9 clear, and I'd like to address that issue.

10 THE COURT: Okay.

11 MR. GINDLER: So let me start with our
12 agreement, okay, because the question about whether we do
13 or do not have a right to terminate, the starting point
14 should be the license agreement. Now let's go from
15 there. So our license agreement defines license products
16 in a specific way.

17 THE COURT: Hold on just a second.

18 (Short pause.)

19 MR. GINDLER: Believe the definition of license
20 products is in section 1D little i.

21 THE COURT: Okay.

22 MR. GINDLER: And "license products" means
23 products, excluding EBO (sic), the manufacture, use, or
24 sale of which is covered by a claim of licensed patent
25 rights which have neither expired nor been held invalid

1 by a court of competent jurisdiction from which no appeal
2 has or may be taken, nor have been held invalid by a
3 court of competent jurisdiction.

4 Have any of the claims of our patent been held
5 invalid? No. What happens if they don't pay? Section
6 5B says we can terminate: Licensee shall be in material
7 breach of this agreement if it fails to make all reports
8 or pay all fees and royalties when due.

9 Under the express terms of this agreement, they
10 are in breach. They don't claim that the products aren't
11 covered. And my patent, Columbia's patent, has not been
12 held invalid.

13 So, looking at the contract on its face within
14 the contract law principles, they're in breach. So why
15 shouldn't Columbia have the right to terminate? Well,
16 Cordis I addressed --

17 THE COURT: Part of the -- one of the questions,
18 if you ask me a question, why shouldn't you have, because
19 in the Lear case, didn't the Supreme Court say, you know,
20 state contract principles don't govern when you're in
21 this patent area, and then you have to figure out how the
22 patent laws come into play.

23 MR. GINDLER: That's what Lear says, and Cordis
24 is very instructive on that point, because that was the
25 exact argument that was made. They said, look, under

1 Lear, we don't have to pay while challenging the patent,
2 and Cordis I said, that's right, you don't, but there are
3 still contractual consequences, and you don't get
4 protection from that. You don't have to pay, but you can
5 still be terminated. That was one of the two reasons
6 that the court found there was not likelihood of success
7 on the merits.

8 The second reason was that the court said this
9 question about invalidity is not relevant. The other
10 side submitted a declaration which on its face showed the
11 patent was invalid. And the court said -- and this
12 discussion is at the very end of the opinion -- the court
13 said, not relevant.

14 THE COURT: Actually, I don't think it said
15 that. I thought it said, sufficient to show it was
16 invalid, but not sufficient to show that it was invalid
17 in its inception. Let me get it while you get it.

18 MR. GINDLER: Well, the court said --

19 THE COURT: Let me get it.

20 (Short pause.)

21 THE COURT: You got eight helpers. I'm just
22 sitting here going through my files.

23 MR. GINDLER: I keep a copy of Cordis near and
24 dear to me.

25 THE COURT: What page?

1 MR. GINDLER: I'm looking at the last page.

2 THE COURT: What's the page number?

3 MR. GINDLER: 996 and 997, at least on my copy.

4 So it would be the bottom of 996.

5 THE COURT: They print it differently, but
6 you're talking about head notes 6 and 7 probably.

7 MR. GINDLER: The paragraph that begins:
8 Finally, the District Court erred --

9 THE COURT: Exactly.

10 MR. GINDLER: -- in evaluating the likelihood
11 of success factor. And if you go on, it says: The
12 District Court's error occurred in using evidence of
13 patent invalidity to establish the movement's likelihood
14 of success on the claim that the license is void at its
15 inception.

16 THE COURT: What does the next sentence say?

17 MR. GINDLER: The affidavit by an employee of
18 Medtronics (sic) setting forth facts arguably sufficient
19 to prove the patents are invalid under the provisions of
20 35 USC 102A. And it goes on to say it's not sufficient,
21 but it explains where why. It says: Patents are issued
22 by the government after examination by the Patent Office
23 and are presumed valid once issued.

24 THE COURT: What this is saying, though, is that
25 the affidavit was sufficient on count 1 and not on the

1 second count.

2 MR. GINDLER: I think what it's saying is that
3 it's not relevant. In other words, I think the court is
4 not saying --

5 THE COURT: That's not what it says. It says:
6 The District Court's error occurred in using evidence of
7 patent invalidity to establish the movement's likelihood
8 of success on the claim that the license was "voided at
9 its inception," count 2.

10 MR. GINDLER: Exactly.

11 THE COURT: The affidavit by an employee of
12 Medtronic's competitor setting forth facts is arguably
13 sufficient to prove that the patents in suit are invalid
14 under the provisions of 35 US Code, sections 102A and B.
15 However, this affidavit alone is insufficient to support
16 the movement's likelihood of success on the second count
17 of the complaint, that is, the license agreement as void
18 at its inception. Patents are issued by the government
19 after examination and evaluation of the patent
20 application by the United States Patent and Trademark
21 Office and are presumed valid once issued.

22 And then it says: Absent fraud or misconduct,
23 the patentee should not be held responsible for the
24 issuance of an invalid patent.

25 But the affidavit was sufficient for some

1 purpose. It was relevant to what's apparently count 1.
2 It was relevant to count 2, but it wasn't sufficient. It
3 may have been evidence, but it wasn't enough evidence to
4 establish the proposition in question.

5 MR. GINDLER: But I think what this is saying
6 is that this affidavit, while it might be sufficient on
7 counts 1, in other words, it's sufficient to show the
8 patents are invalid, it's not sufficient to eliminate the
9 royalty obligation. That's our issue. It's not relevant
10 to the question of whether the license agreement is void
11 in its inception. It's totally relevant to the validity
12 of the patent. But it's not relevant to the second
13 question. In that case, they had a stronger argument.
14 They said: Your patent is void at its inception. Here,
15 it's just breach. So, I have a license agreement.
16 Columbia has a license agreement. It says: You pay
17 royalties until the patent is found to be invalid by a
18 court of competent jurisdiction. And this court says:
19 And if you come up with evidence that the patent is
20 invalid, that does not terminate your royalty obligation.
21 You still have to pay.

22 THE COURT: Now let me, you know, ask a question
23 of sort of practicalities. Let's say I decide to merge
24 the double patenting -- the trial of the double patenting
25 issue with the hearing on the motion for a preliminary

1 injunction on that question alone. And, you know, this
2 goes back to my very first point, you know, that
3 stand-still agreement was, you know, it was a clear
4 understanding that, you know, emerged from a conversation
5 when I think you were maybe on the telephone. But this
6 particular question wasn't raised. I don't want to do
7 anything that would be unfair to anybody. But let's just
8 say we didn't have the prosecution laches. The only
9 issue was double patenting. If sometime this fall the
10 double patenting issue were true and you won, Columbia
11 would be just as well off as if I denied the preliminary
12 injunction today, wouldn't it, because the -- in both
13 instances, the licensing agreement would be deemed
14 terminated with regard to Biogen in April, Genzyme in
15 May. Is that right so far?

16 MR. GINDLER: Yes, but there are a number of
17 assumptions built into it, which is, what does it mean
18 that we win? So, for example, they could make a motion
19 for summary judgment, and that could be just questions of
20 fact.

21 THE COURT: And then we'll have a trial.

22 MR. GINDLER: And then we'll have a trial at
23 some point. So your question -- your point is that
24 whether we win on the merits.

25 THE COURT: No, if the only witnesses are like

1 your two experts -- because I read -- you know, Friday, I
2 didn't know what double patenting was. Friday, I'm
3 trying an armored bank robbery. And, Thursday, I won't
4 know what double patenting is because I'm sentencing
5 somebody on a RICO murder case. But since Friday, you
6 know, I've tried to learn about double patenting. So I
7 read Geneva Pharmaceuticals, and I look at footnote 1,
8 and it says motivation is not involved. You don't look
9 to objective criteria like the marketplace. And I'm
10 thinking, you know, there can't be very many witnesses on
11 this. I mean, what I really have in mind is, you know,
12 if we have an argument on summary judgment November 10,
13 and I study up -- I usually do the Markman rulings
14 orally, and maybe I decide the matter orally. Maybe, you
15 know, you make it clear to me, there's just a material --
16 here's my claim construction and, in the context of that
17 construction, there's a genuine dispute as to some fact
18 that's material. But as far as I still know, the only
19 witnesses are your expert and their expert. So, you
20 know, why couldn't we have a trial just two or three
21 weeks later, and why would the trial take more than -- I
22 don't know how long it would take.

23 MR. GINDLER: It's hard to say how that would
24 happen. It could be short. That's entirely possible. I
25 think there are a lot of reasons that we shouldn't do

1 that, which I'm happy to address.

2 THE COURT: But is there a reason we couldn't do
3 that?

4 MR. GINDLER: No, I'm available.

5 THE COURT: Well --

6 MR. GINDLER: Except that we would just be
7 doing a lot more. In other words, if we win on double
8 patenting, either because we win on summary judgment or
9 we win at trial, then to me it's the worst of all
10 possible worlds.

11 THE COURT: But I make judgments at this point,
12 and all I have is Professor or Doctor Lodish's affidavit
13 that, standing alone, you know, sounds pretty good.

14 MR. GINDLER: Your Honor, that declaration and
15 the presentation they made addressed three of 20 claims
16 of the patent. They didn't take a swipe at 17 claims,
17 and they didn't identify whether those are the claims
18 that they infringe or not. So I understand, you just had
19 one side. I've tried to explain a bit about why we
20 didn't address the merits. I think Cordis I doesn't take
21 you there for two reasons. The first is discussion that
22 the evidence of invalidity is not to be used on the
23 question of whether the license agreement was void at its
24 inception, i.e., did they have a royalty obligation, and
25 Cordis decided the second issue, which is that when they

1 don't pay in reliance upon Lear, can the licensor
2 terminate? And the answer was yes.

3 THE COURT: What are the implications of Cordis
4 II for this case?

5 MR. GINDLER: I think Cordis II is much
6 different. I actually made a little list of all of the
7 things I thought were different about Cordis II. So
8 Cordis II, as your Honor pointed out, had product A and
9 product B. You had tine leads and fine leads. I'm sure
10 I'm saying that wrong. And they paid on tine leads and
11 didn't pay on fine leads, okay? That's because Cordis
12 was using the patent to make tine leads and was paying on
13 it, because they were using the patent, and they were
14 also selling tine leads. Call it product A and product
15 B.

16 THE COURT: Well, I call them fin.

17 MR. GINDLER: Tined and fined.

18 THE COURT: Tined and fined.

19 MR. GINDLER: I don't have a pacemaker so I'm
20 not really up on this.

21 THE COURT: Hold on a second.

22 (Short pause.)

23 THE COURT: Tined, t-i-n-e-d.

24 MR. GINDLER: Tined and finned.

25 THE COURT: Finned, f-i-n-n-e-d.

1 MR. GINDLER: They are paying on tined and not
2 paying on finned. So they were using the patent,
3 concededly, to make tined, and they were also selling and
4 making finned. So what's the distinction there? Cordis
5 was actually paying royalties for a patent it was using,
6 and they're saying, we're paying royalties for a patent
7 that we're in fact using, and we have a dispute about
8 whether fin leads are covered. Don't take away our
9 license when we are making and selling a product in
10 reliance on the patent, and we're paying on it. Is that
11 happening here? No. They're paying us on nothing. So
12 even on the '636 patent, they aren't using it and making
13 products and selling it to somebody else. There's no
14 disruption of their business. It's totally different.

15 The second thing about Cordis, Cordis said,
16 look, I have a problem because if we get terminated, you
17 could sue our customers for infringement, and that would
18 be terrible. Is that going to happen here? No, because
19 they have no customers on the '636 patent. They don't
20 sell or make anything in reliance upon it.

21 THE COURT: But you say they have customers on
22 the '275.

23 MR. GINDLER: And they're not paying us.
24 They're not paying us for making and using.

25 Now, Medtronics argued in response to Cordis,

1 that Cordis I stands for the proposition, "that a
2 licensee cannot avoid the natural consequences of a
3 decision to stop paying royalties." The Federal Circuit
4 didn't disagree. It simply said, "in this action, there
5 has been no decision by Cordis to stop paying royalties."
6 And, in fact, in our case, there has been a decision by
7 Biogen and Genzyme and everyone else in this room to not
8 pay royalties to Columbia.

9 THE COURT: Because the Federal Circuit in
10 Cordis didn't have Gen-Probe. They'd pay you royalties
11 if it wasn't going to end the litigation, end their
12 opportunity to litigate the issue they want to litigate,
13 in this case, the validity of the '275, in Cordis II, the
14 scope of the patent at issue.

15 MR. GINDLER: Well, you should know that with,
16 I think, maybe one exception, no one has been paying us
17 royalties on the '275, whether before or after Gen-Probe.
18 That seemed to make no difference to anybody. So
19 Gen-Probe didn't change anyone's calculus about what to
20 do. They just decided not to pay royalties, period.

21 THE COURT: It affects my calculus. If I didn't
22 have the two Cordis cases and Gen-Probe, I'd say, well,
23 just pay it in. But I'm educated to understand --

24 MR. GINDLER: Right. They're not paying. They
25 made that decision long before Gen-Probe. They decided

1 not to pay. And they're not paying. The real
2 distinction between Cordis II and Cordis I is that Cordis
3 II found there would be irreparable harm. They had facts
4 to show irreparable harm. They gave facts about showing
5 possible loss of market share, as your Honor pointed out
6 before the break. And, here, there's been no such
7 evidence presented at all.

8 So Cordis II said Cordis I is different because
9 that case involves a decision to stop paying royalties
10 full stop. Our case is different. They are paying
11 royalties. They're using a patent. They're paying
12 royalties. They don't want to have the use of the patent
13 and the payment of royalties to be disrupted. Cordis I,
14 that wasn't happening. And that was the key distinction
15 on the merits and, combined with irreparable harm, the
16 court said, this is a different set of circumstances.
17 Our case is Cordis I. Our case is exactly in the same
18 scenario, someone decides to stop paying royalties. They
19 said, I don't have to under Lear. And under Gen-Probe,
20 they can't, if they want to be in this court.

21 So what happens? Do we lose our right to
22 terminate? No. Cordis I says we can.

23 THE COURT: But as a practical matter, if the
24 '275 is the only patent, you could terminate. I mean, I
25 wonder if there would even be any dispute. You could

1 terminate. You could sue them for infringement. And
2 they would have an invalidity defense. Or they can have
3 their declaratory judgment for invalidity.

4 Let's talk about -- can we talk about the '159.

5 MR. GINDLER: Absolutely.

6 THE COURT: Are you sure? We're in open court.

7 MR. GINDLER: A little bit.

8 THE COURT: What's that?

9 MR. GINDLER: A little bit.

10 THE COURT: You're going to talk about it a
11 little bit. No, but this is, as I say, this is not
12 intended to be a game. If this was only about the '275,
13 they wouldn't pay, you would terminate, we would litigate
14 validity and prosecution laches. But I want to
15 understand this '159 because, if they're terminated, then
16 they don't have any right to the '159 if it becomes a
17 patent, right?

18 MR. GINDLER: That's correct.

19 THE COURT: And is the '159 basically aimed at
20 Biogen's product or process?

21 MR. GINDLER: It is not aimed at their product
22 or process, but it would probably cover their product and
23 process and probably everybody else in this room.

24 THE COURT: All right. So if it's issued,
25 either they would have to -- they would be infringing the

1 patent?

2 MR. GINDLER: That would be my view.

3 THE COURT: Right.

4 MR. GINDLER: I'm sure they would have
5 different views, but that would be my view. So what this
6 means is that licensees have to make a decision. They
7 have a package of rights they licensed. They have a
8 right to a --

9 THE COURT: They have a patent of rights that
10 they knew existed that they licensed. But with the '159,
11 you say that except for -- is it Immunex? -- you know,
12 they're not even supposed to know what it is. How can
13 they make an informed decision whether to license it or
14 not?

15 MR. GINDLER: That's the position that
16 everybody is in. It's very common for parties to enter
17 into license agreements which cover all divisionals on
18 down the line. That's standard language on a license
19 agreement. Some license agreements are negotiated to
20 give people a right to see those, and some don't.

21 THE COURT: I'm sorry, some give them a right to
22 see them, some don't.

23 MR. GINDLER: That's correct.

24 THE COURT: So Immunex had a right to see it?

25 MR. GINDLER: No, no one had a right to see it.

1 If we want to, we can show it to them if they ask. But,
2 on the other hand, do they have a right to see it? The
3 agreement does not contain that right. Many license
4 agreements the parties negotiate would contain that, but
5 no one in this room has such an agreement. If they
6 wanted that right, they could have negotiated for it, but
7 they didn't have it. Our license agreement is a standard
8 form, but many parties negotiated for different things.
9 Genentech negotiated very early on for a really low
10 royalty rate, and they got one. Everybody else also has
11 a really low royalty rate, not quite as low as
12 Genentech's, but lower. So there are benefits to
13 everybody to this agreement. They didn't put it in the
14 agreement, either because they didn't ask for it or
15 because we said no, but it's not in there.

16 The parties should be willing to live by the
17 bargain that they made in this document. And so it
18 doesn't give them the right to see it, and it also says
19 --

20 THE COURT: Why don't they have a right to see
21 it? You wrote Mr. White: Disclose the existence of the
22 '159 application to Immunex in May 2000, and stated that
23 copies of the pending claims which we had sent to you on
24 May 6, 2002 are not being treated as confidential with
25 respect to licensees such as Immunex.

1 MR. GINDLER: Yes, Immunex asked for a copy of
2 the then current claims, and we said, okay. They didn't
3 have a right to it, but they asked. They didn't say, we
4 have a contractual right to this. They said, we'd like
5 to see it. Can we have it? And Mr. White said, sure,
6 you can have the copy of the then pending claims. They
7 didn't have a right to it. No one else has a right to
8 it. They can ask. We can say yes. We can say no. And
9 there are reasons that we might say yes and reasons that
10 we might say no. We might say yes because it might
11 encourage them to keep their license in place, keep
12 paying fees. We might say no. But it's just the
13 parties' agreement. The parties made these agreements,
14 and they should live by it. Our agreement says, you pay
15 royalties until the patent -- unless and until the patent
16 is held invalid by a court of competent jurisdiction.

17 THE COURT: What would happen if I ordered that
18 you -- you know, that I denied the preliminary injunction
19 with regard to the '275 but not the '636 or the potential
20 '159?

21 MR. GINDLER: They would keep the license to
22 the '636 and the '159. If the '159 became a patent, they
23 would be licensed and obligated to pay us royalties.

24 THE COURT: And is that a problem for Columbia?

25 MR. GINDLER: Well, it doesn't honor the

1 license agreement. But is it a problem? Well, if they
2 were to pay us on the patent if the '159 issues, that
3 would be great. I have this really bad feeling that they
4 don't plan to do that, that when the '159 issues, if it
5 issues, they're going to challenge that patent too. So
6 I'm not feeling so good that we're going to get money
7 from them at the end of the day, but --

8 THE COURT: When do you expect a decision from
9 the Patent Office on the '159?

10 MR. GINDLER: Oh, I can never predict how
11 quickly they're going to act.

12 THE COURT: Well, have you made all the --

13 MR. GINDLER: I think it's fair to say the
14 following, that we're pretty much toward the end of the
15 process.

16 THE COURT: Is it affected by the reexamination
17 and reissuance regarding the '275?

18 MR. GINDLER: Nothing we've been told by the
19 Patent Office says that. It wouldn't surprise me if it
20 were, because there must be overlapping issues, but I
21 just don't know if they're going to look at them together
22 or not.

23 THE COURT: And if I ordered that you couldn't
24 terminate them with regard to the '636 and '159, should I
25 order that they pay something and, if I ordered that they

1 pay something, would that destroy subject matter
2 jurisdiction because they're not paying in connection
3 with -- they're not licensing the '275; is there a real
4 case in controversy?

5 MR. GINDLER: I don't think so because the
6 reason that they're here is not because of the '636 or
7 the '159. They're here because they really don't like
8 that '275 patent.

9 THE COURT: So you think there would be a real
10 case of controversy?

11 MR. GINDLER: Well, there is a case of
12 controversy about the '275.

13 THE COURT: So, if I entered that more limited
14 injunction because I thought, given the two Cordis cases
15 and Gen-Probe, it's legally permissible, and that's the
16 equitable way to strike the balance, you would not argue
17 that that destroyed subject matter jurisdiction?

18 MR. GINDLER: That's correct. If you ordered
19 them -- if you enjoined us from terminating on '636 and
20 '159, as long as they complied with their contractual
21 obligations as to '636 and '159, I don't think there
22 would be any destruction of subject matter jurisdiction
23 here on the '275 issues.

24 THE COURT: And when you say pay for it, that's
25 \$30,000 a year, which is applied against royalties.

1 There are no royalties, so they'd basically be paying
2 \$30,000 a year?

3 MR. GINDLER: It's that and, of course, if '159
4 issues, then that raises the question of royalties, which
5 they would have to pay if the '159 covers their products.

6 THE COURT: Because -- maybe you want to address
7 this directly. You know, I read Cordis II, as I told
8 you, as a kind of discussion of something analogous to a
9 time arrangement.

10 MR. GINDLER: Mm hmm.

11 THE COURT: And while that may have involved one
12 patent, this seemed to me analogous. It's more than one
13 patent, but they have to pay on the '275 that they seem
14 to ardently believe is not valid in order to maintain the
15 potential for this, you know, to have access to this '159
16 that is at least likely to be very important to Biogen's
17 business, and they can't even know what's going on with
18 the '159. You know, they're sort of betting the farm
19 blindly, so it puts a lot of pressure on them, they would
20 say. And that's the reason I would enter the more
21 limited injunction, because giving up their right to that
22 '159, particularly not -- you know, not being in a
23 position to make an informed decision, because they don't
24 know many things about the prosecution. Do you want to
25 address that kind of thinking as this is analogous to

1 Cordis II in that way?

2 MR. GINDLER: Sure. Let me raise two points.

3 I think that there's really no pressure on them as to the
4 '159, because we know exactly what's going to happen if
5 the '159 issues. They're going to challenge the
6 validity, which they can only do if they don't pay
7 royalties. If they think the '275 patent is invalid on
8 prosecution laches grounds, do you have any doubt they'll
9 be here challenging the validity of the '159 on
10 prosecution laches grounds? Well, of course, they are.
11 And they can't do that while paying. So that decision
12 has been made.

13 THE COURT: Well, I don't know about that. I
14 mean, in this case, they thought they made all of their
15 payments, and they didn't know about the '275 until a
16 couple of days after they sent you a check and said,
17 here's the last check. But, presumably, they read the
18 '275 patent, and Biogen and Genzyme in consultation with
19 their lawyers made a decision. They said, you know, it's
20 in our business interest to stop paying. We think we can
21 invalidate this patent. But because they haven't seen a
22 '159 patent and they can't read the full prosecution
23 history, they can't make a comparable judgment. I mean,
24 if they -- I'm sorry, I don't mean to be talking about
25 things that may not be in the record here. But when I

1 did the Biogen case a couple of years ago, Avonex was
2 generating close to a billion dollars a year. It was
3 either their only product or, by far, their dominant
4 product. They'd really be betting the whole business
5 here, buying the pig in the poke, because you really
6 think you're going to come out of this with a valid '159
7 patent. Maybe they'll agree and say, wow, they figured
8 out a way to do it.

9 MR. GINDLER: You know, I think I can address
10 that issue right now and that concern, and I can make a
11 representation on behalf of Columbia University because I
12 thankfully have the general counsel from the University
13 seated right behind me.

14 THE COURT: Who's that?

15 MS. KEEFER: I am, your Honor.

16 THE COURT: Say your name for the record.

17 MS. KEEFER: Elizabeth Keefer.

18 THE COURT: Go ahead.

19 MR. GINDLER: We will never in this case
20 against Biogen or Genzyme or any other plaintiff ever
21 seek a preliminary injunction to stop them from making
22 and using and selling their products, either on the '275
23 patent or, if it issues, on the '159. We will never seek
24 a preliminary injunction. Columbia is not going to stop
25 before a final judgment in any case any of these

1 companies from delivering pharmaceuticals that they make
2 in discovery. That is a risk none of them face. We
3 won't do it.

4 THE COURT: Well, they face the risk still,
5 though, that they'll get to the end of the litigation,
6 your '159, as it emerges, you know, will be valid, and
7 then they're out of business unless they get a license.

8 MR. GINDLER: And then they face, as simply
9 every other party has faced, the patent infringement
10 suit. And think about what our interests are. We only
11 benefit from royalties. Columbia doesn't benefit from
12 enjoining them. We don't make and sell anything. We're
13 a university. So think about what our interests are.
14 Our interests are not in putting Biogen out of business
15 and to stop the delivery of Avonex to people who need it.
16 What would happen to our mission --

17 THE COURT: They're telling me then Serono would
18 have a monopoly, raise the price, you'll get more
19 royalties.

20 MR. GINDLER: That would be great headlines for
21 Columbia University. Columbia enjoins sale of Avonex. I
22 really just don't see that in the cards. And to be real
23 clear, we're never going to try and do that at any time
24 before there's a final judgment in the case.

25 THE COURT: When there is a final judgment, you

1 can do it.

2 MR. GINDLER: We can. Will we? It's really
3 not in our interest. But that means we've won, and the
4 playing field is much different.

5 THE COURT: Whatever decisions I make today, I
6 have to make based on what I've been presented, and I
7 don't have a shred of evidence that suggests that you're
8 going to win on double patenting, because all I have is
9 Doctor Lodish's -- I mean, you have the presumption, and
10 they have to offer clear and convincing evidence. But,
11 you know, you made a tactical decision, and this is
12 plainly -- not plainly -- you know, you can see, I think,
13 you know, this is what's engaging. Eventually, I have to
14 turn to Mr. Ware, and my attitude sort of is, you know,
15 take your best shot. It looks to me like double
16 patenting, you know, is your cleanest shot. And the
17 prosecution laches may be good too. But this is one
18 clean shot. They think it's a no brainer. They win.
19 And I think, you know, rather than trying to predict on
20 the present record, you've got an expert or will have
21 one. They've got an expert. I haven't done any claim
22 construction yet. I didn't appreciate that Doctor Lodish
23 only talked about some of the claims, and you're talking
24 about 17 more. You say there are 17 more independent
25 claims?

1 MR. GINDLER: No, there are not more
2 independent claims, but they just chose three.

3 THE COURT: How many independent claims are at
4 issue?

5 MR. GINDLER: At issue in our case? Well, we
6 haven't asserted any infringement claims against them
7 yet, so I don't know the answer to that.

8 THE COURT: You say they addressed three. If
9 they proved that there's double patenting with regard to
10 those three, does it knock you out on the other 17 too?

11 MR. GINDLER: I don't think so. I don't think
12 it does, no.

13 THE COURT: You may have claim 1 left, I'm told,
14 unlinked.

15 MR. GINDLER: Claim 1 is a good claim.

16 THE COURT: It's got to be the most basic claim,
17 right?

18 MR. GINDLER: Right. But keep in mind that
19 double patenting is claim by claim, so they still have to
20 do one claim versus one other claim. It's a very sort of
21 arcane process. It's not claim 5 versus claims 1, 2, 3,
22 4, 5 off of the patent. It's claim 5 versus --

23 THE COURT: For me, it's not a question of keep
24 in mind. You've got to teach me this.

25 MR. GINDLER: Your Honor, could I address one

1 other issue, which is about --

2 THE COURT: Absolutely.

3 MR. GINDLER: Should we even just do it in this
4 staged way? What I heard your Honor say before the break
5 was you had concerns about whether the Patent Office
6 would provide complete or effective relief and that it
7 made more sense to try and resolve issues here in real
8 court as opposed to in the Patent Office. And that
9 assumes that we have two competing proceedings doing the
10 same thing, one which is better than the other. And I
11 think that's wrong. And I want to tell you why I think
12 that's wrong. That's how the plaintiffs want to portray
13 it, but I think it's wrong. The Patent Office is going
14 to reexamine and, we hope, reissue the patent. What
15 unusually happens in that process is that a new patent
16 comes out. The old patent disappears, a new patent comes
17 out. That's what happens three-fourths of the time. And
18 even the plaintiffs say in their papers, that's what's
19 probably going to happen, it's going to come out, and
20 there will be new and different claims.

21 THE COURT: Let me ask you a question. If there
22 are new and different claims, are you going to sue
23 Columbia (sic) for infringement that it took place before
24 the reissue?

25 MR. GINDLER: Can't do that under the rules.

1 There are two rules --

2 THE COURT: No. Let me ask you this. I mean --
3 let me ask you the question again and, if I asked it
4 imprecisely -- if there's a new -- I mean, maybe I'm
5 wrong. I'm not a patent lawyer. I do organized crime
6 cases. But I understand or misunderstand that if the
7 reissue generates a new claim, something that Biogen,
8 Genzyme, and people ordinarily skilled in the art didn't
9 have notice of, you can't sue on that.

10 MR. GINDLER: I cannot sue them for
11 infringement that happened before the claim issued,
12 that's absolutely correct.

13 THE COURT: Based on a new claim that emerged in
14 the reissue.

15 MR. GINDLER: That's correct.

16 THE COURT: But the reissue will not necessarily
17 involve what you would characterize as all new claims,
18 will it?

19 MR. GINDLER: That's correct. So --

20 THE COURT: So if there's a claim in the reissue
21 that you say is substantially identical to something in
22 the '275 as it exists now, I think it's your position
23 that you would have the right to sue based on that claim
24 for infringement before the reissue, right?

25 MR. GINDLER: Yes, but --

1 THE COURT: Let me just give you the last part
2 of my question. Then I'd have to go back and -- listen,
3 listen, listen. I'm going to give you a chance to talk
4 to him. Then I would still have to go back and construe
5 the claim in the present '275 to decide whether it's
6 essentially the same as the claim in the reissue, right?

7 MR. GINDLER: That's correct, if there was a
8 dispute on the question, because we might not disagree
9 about whether or not there is a change, and my guess is,
10 from looking at the claims that have been presented to
11 the Patent Office, I think it's clear which ones are real
12 significant meaningful changes and which might not be,
13 but only if the parties disagree.

14 THE COURT: But then I'd still have -- I mean,
15 even if you agreed that it wasn't the change, I'd still
16 have to do -- I'd still have to litigate the issue of
17 infringement. I wouldn't have been saying anything by
18 waiting for the Patent Office to do its work.

19 MR. GINDLER: Sure, you will. And here's why.
20 If we do it now, the odds are, the statistics, the odds
21 are we're doing it twice, absolutely, positively, because
22 there will be amended or new claims that come out.

23 THE COURT: We're not -- no, I don't think so.
24 We may be having two proceedings, but I wouldn't be
25 construing the identical claim twice. In fact, it would

1 either be law of the case if the case is still going,
2 although I can always change my mind on claim
3 construction, or if the case were over, with regard to
4 those claims, there would be issue preclusion, assuming,
5 you know, the appeals were exhausted.

6 MR. GINDLER: My point, though, is this. Two
7 things can happen. If we get new claims, we'll be back,
8 and there will be another case involving the new and
9 improved '275 patent, and some of the claims that you
10 construed or maybe all the claims that you construed
11 could be held invalid, and so there will have been no
12 reason for you to have spent a second construing claims
13 which the Patent Office said, I'm sorry, you don't get
14 those, but these amended claims or these new claims you
15 do get. And that really is the --

16 THE COURT: And the reissuance, you -- some
17 fellow who used to work for Johnson and Johnson law firm
18 filed a request for the reexamination, right?

19 MR. GINDLER: Yes.

20 THE COURT: And then about last week you made a
21 request for a reissuance, right?

22 MR. GINDLER: That's correct.

23 THE COURT: And in that request for a
24 reissuance, you identified preliminarily some of the
25 claims you would like reissued, right?

1 MR. GINDLER: That's correct.

2 THE COURT: Have you completely and finally
3 identified all of the claims that you want reissued?

4 MR. GINDLER: Well, the answer is yes, based
5 upon the state of proceedings. What happens next is
6 patent prosecution. The Patent Office will then write
7 back and say, claims allowed or not allowed. And if not
8 allowed, here's why. And then we have a chance to meet
9 that office action by possibly changing the language of
10 the claims or any new claims.

11 THE COURT: So how long is this process of
12 reissuance and reexamination going to take?

13 MR. GINDLER: It will probably take between one
14 and two years. I think that's a fair assessment. I'm
15 not sure people disagree very much about that, but that's
16 just how long it's going to take the Patent Office to do
17 it. The Patent Office will expedite. It's part of the
18 rules. The Patent Office will speed things up if we have
19 stayed litigation, because they know there's a lot of
20 people in the green room waiting to see what's going to
21 happen. But why should we have a case for construing
22 claims that might be wiped out by the Patent Office or we
23 may get new claims or the claims may be amended and
24 narrowed. We don't know what we're fighting about. And
25 that's the difference. The Patent Office is a

1 fundamentally different forum. What they're doing is
2 reconsidering the '275 patent all over again. They're
3 saying, let's start from scratch. Do you get any of
4 these claims? Do you get some of them, but only
5 modified? Or can you get new claims which better
6 describe the subject matter of the invention? That's why
7 the Patent Office is different. We can have a hearing
8 here on summary judgment. The plaintiffs can win and
9 validate all the claims. But why? Because which claims
10 will emerge? Which claims will be narrowed? Which
11 claims will be added? It is a tremendous waste of
12 resources, both of the parties and of the court to do
13 that. We didn't bring this on, you're right. Something
14 called Public Patent Foundation brought this on. It was
15 a surprise to us. But they did it. And now the question
16 is what's the most efficient thing to do?

17 THE COURT: Well, they did part of it. They
18 asked for the reexamination. They didn't ask for the
19 reissuance.

20 MR. GINDLER: That's correct. But it's very
21 common to ask for reissue, and that's why there's a
22 procedure to merge the two proceedings when someone asks
23 for a reexamination. But it both happened together on
24 the same track by the same examiner so nothing gets
25 slowed down. That's what we want to happen. We want

1 this done quickly in the Patent Office too. We want to
2 know what rights we do and do not have. But we don't
3 know the answer to that question right now, and that's
4 fundamentally why this case can't go for. This case is a
5 fight about the '275 patent. How can you fight about
6 that patent if we don't know what it claims?

7 THE COURT: We know what it claims.

8 MR. GINDLER: We know what it claims today --

9 THE COURT: It might change.

10 MR. GINDLER: -- but we don't know what's going
11 to happen, and that's the fundamental issue.

12 THE COURT: Isn't it time to know what the --
13 isn't it time to know what they patents -- the first
14 application was filed in 1980, right?

15 MR. GINDLER: That's correct.

16 THE COURT: And if we had the current law, the
17 longest any of these patents could have run would be
18 2000.

19 MR. GINDLER: Also correct.

20 THE COURT: So now --

21 MR. GINDLER: And the Patent Office --

22 THE COURT: I mean, you're grandfathered in by
23 one day. You know, we have an expression in public
24 policy by Congress and the President that, you know, you
25 get 20 years to do this, and anything more than that is

1 abusive. And they tell me -- you know, you're standing
2 here and predicting one to two years, but you're not
3 prosecuting this in the Patent Office. That's Mr. White.

4 MR. GINDLER: That's correct.

5 THE COURT: And Mr. White is in there and, in
6 effect, confessing error. He's saying, I've been
7 prosecuting this for 24 years and here it is, June 2004.
8 I realize I didn't claim enough. I mean, if he did such
9 a lousy job, why didn't Columbia fire him and get
10 somebody who can articulate the claims as they should
11 have been articulated 24 years ago?

12 MR. GINDLER: I don't think he did a lousy job.
13 When a patent is issued, it's not uncommon for the patent
14 court, look at the patent and say, I wish I had done a
15 better job in that claim. And people often leave it
16 alone, and they leave it alone because if you go back to
17 the Patent Office and you seek reissue, it's a whole new
18 ball game. You put the entire patent at risk. Well,
19 since that's already happened, since reexamination was
20 filed, it makes sense for us to go back and try and
21 figure out what the proper scope of the claims is.

22 THE COURT: I want to hear Biogen and Genzyme's
23 response, but I have to decide this based on the record.
24 You know, with what's in the record, you're making a
25 great argument, but, you know, I'm looking at this, and

1 I've got one affidavit that -- from the guy who says he
2 wrote the textbook, and he says, these are the same
3 things. And I have no explanation in the record for why,
4 you know, it's taken 24 years to get to this point. You
5 know, if it's improper, what's it called, a submarine
6 patent? You just sort of take your time to do this. You
7 wait for the industry to develop, surface, and then sort
8 of, got you.

9 MR. GINDLER: Your Honor --

10 THE COURT: The present record, it has a feel of
11 that, and that may not be fair. So what I'm aiming at is
12 trying to find some way to as fairly and efficiently as
13 possible test that, at least on the double patent.

14 MR. GINDLER: As I mentioned to your Honor, we
15 didn't submit evidence in opposition because we thought
16 it was irrelevant under Cordis I. And I understand your
17 Honor may have a different view of the case. That's how
18 we read it, and I think it's right. A second reason is
19 we thought they weren't even close to showing irreparable
20 harm, not even warm on that subject. So I have a big
21 fight about one issue. I don't think they have a prayer
22 on irreparable harm. So I'd like your Honor to please
23 keep an open mind that there is another side to this
24 story. There is the story about how the patent was
25 prosecuted. There is the story about why this patent

1 claims different inventions than claimed in the previous
2 patent.

3 THE COURT: Well, that's --

4 MR. GINDLER: But you're right, our story has
5 not been told, and we're hoping you will keep an open
6 mind to that question.

7 THE COURT: I don't have any trouble keeping an
8 open mind with regard to the merits of the case, but if I
9 have to decide the motion for a preliminary injunction, I
10 have to decide it on the present record.

11 MR. GINDLER: On the motion to stay, we have
12 tried to address both the plaintiffs' concerns and your
13 concerns, concerns about the public interest, concerns
14 about harm. I think we've come a long way in this area
15 in doing that. We've come a long way by saying no one in
16 this courtroom -- no one on this side of the courtroom
17 need worry about getting sued for infringement during the
18 period of --

19 THE COURT: Did you tell them that before about
20 a half hour ago?

21 MR. GINDLER: I told --

22 THE COURT: Time out. There's part of your
23 submissions I didn't read, the part about the settlement
24 discussions. So if I just asked you a question that
25 invites you to tell me that, don't tell me.

1 MR. GINDLER: But the actual --

2 THE COURT: I mean the settlement discussions in
3 terms of working out some lack of -- something that would
4 moot the stay issue.

5 MR. GINDLER: This is the first time I've told
6 the entire courtroom that we will never seek a
7 preliminary injunction ever in this case, either on the
8 '275 or the '159, and we did that to (sic) your Honor's
9 concerns about fairness, about the public interest, about
10 prejudice. We want to basically have a position where
11 our patent is back in the Patent Office. Our application
12 for reissue doesn't matter. We'd be doing the exact same
13 thing if it was just reexamination, because the same
14 thing happens in reexamination. You amend the claims.
15 You submit new claims trying to overcome the double
16 patent challenge. The reissue application is a way of
17 trying to have more flexibility in what we can do if
18 there are errors in the patent. But it makes no
19 difference in the analysis. The arguments are exactly
20 the same if it's just reexamination. The same thing
21 happens, claims of change, new claims, amended claims.
22 So why should we be fighting about a patent we don't know
23 what it's ultimately going to say? The Patent Office
24 might take the entire thing away from us. In which case,
25 everyone is done, and it didn't cost these people much of

1 anything else. Or the Patent Office will change the
2 claims, maybe all of the claims.

3 THE COURT: I understand the argument. Why
4 don't I give Mr. Ware a chance to respond before we go to
5 lunch in about 20 minutes or something.

6 MR. GINDLER: Thank you, your Honor.

7 MR. WARE: Let me first say just a couple of
8 comments about the reissue, and then I'll turn back to
9 the preliminary injunction, if that's all right your
10 Honor.

11 There's a reason that Columbia hasn't fired Mr.
12 White, and that's because he's quite masterful in the
13 Patent Office, and he's quite masterful at stringing
14 prosecution along for many, many years, as we all know.

15 As far as the claims that are in the '275 now,
16 while Columbia tells us today that anything could happen
17 and the Patent Office can amend them, they've actually
18 taken a position on that through the reissue. And what
19 they've really done in the reissue is -- and, indeed, as
20 they told this court earlier, they're quite prepared to
21 defend the existing claims of the '275 patent as they
22 are, and they will fight any changes in those claims
23 other than a couple of minor changes that they suggested,
24 plus wanting to add a whole new set of claims so that
25 they can reach mammalian cells now for the next 17 years.

1 Just in case somebody gets the idea of changing their
2 manufacturing process away from CHO cells, now they want
3 to cover every other kind of mammalian cells. But the
4 likelihood is that Mr. White will succeed, as he has
5 succeeded over and over again, and we will be litigating
6 these same claims.

7 Mr. Gindler pointed out --

8 THE COURT: Why would we be litigating the same?
9 I thought you meant he was going to succeed in dragging
10 it out.

11 MR. WARE: Yes, what I'm saying is as far as
12 the claims of the '275 patent, as they exist and as we
13 have challenged them, they very likely will come out in
14 that same form, and we'll be challenging them three or
15 four years from now instead of right now. That's our
16 only point. And we'd like to get on with it.

17 THE COURT: What's the harm to you if you wait
18 four years?

19 MR. WARE: The harm is -- it falls into several
20 categories. First, of course, there is the '636 and the
21 '159 application. I think your Honor has spoken of that
22 sufficiently.

23 One of the reasons why we seek the preliminary
24 injunction as to the '275 as well is that, of course, to
25 begin with, as Mr. Gindler acknowledged, in the license

1 agreement, it provides that if that patent is not valid,
2 we don't have any obligation to pay royalties --

3 THE COURT: That's actually --

4 MR. WARE: -- shouldn't be termination.

5 THE COURT: He usefully pointed out to me
6 precisely what it says. It says, if it's held invalid.

7 MR. WARE: That is correct.

8 THE COURT: Hold on just a minute.

9 (Short pause.)

10 THE COURT: It does say it has to have been held
11 invalid to relieve you of your obligation to pay, and it
12 hasn't been held invalid.

13 MR. WARE: And this is not a hearing on the
14 merits, this is a hearing on a preliminary injunction,
15 and our point is very simply that were it possible to
16 come in immediately after receiving a 30-day notice of
17 termination and say, we'd like a trial on the merits
18 tomorrow on that, we believe we would prevail. We
19 believe we have shown you that we would prevail. And, in
20 that case, we would not -- it would be found that we did
21 not owe any royalties, and there would be no right to
22 terminate. So that's what interlocutory relief does. It
23 takes us ahead to the point in time when the court can
24 actually reach the merits and says, let's preserve the
25 status quo up to that point, because let's protect a

1 party from the prejudice.

2 THE COURT: How does that square with Cordis I,
3 though?

4 MR. WARE: Cordis I was decided at a time when
5 the law was very different. And one of the principal
6 bases for Cordis I is the following statement. If the
7 plaintiffs wish to continue to invoke the protections of
8 their licensing agreements, they should be required to
9 continue paying their royalties to the defendant. Well,
10 we all know now, you can't do that. We don't have that
11 option. And so we suggest that the equities are simply
12 different. The Cordis I case is a case decided
13 considering the four factors for a preliminary injunction
14 on the equities, and they said, well, this isn't such
15 harm, because they could just pay the royalties and later
16 get them back. Well, we can't do that. So that
17 situation no longer obtains.

18 I think the other thing that's important to keep
19 in mind is that Cordis I --

20 THE COURT: Actually, what page were you just
21 reading from?

22 MR. WARE: This was --

23 THE COURT: Where you say you have the option to
24 keep paying.

25 MR. WARE: On Westlaw, it's page 4 here, but

1 it's about a page before -- the last paragraph that the
2 court was looking at earlier, it's about a page before
3 that, and it's a quotation from the Warner Jenkinson
4 case. It's in the discussion of Lear, so it's a sort of
5 long quotation that begins: We believe that.

6 THE COURT: I have it, okay. You're basically
7 saying you would do that now but for Gen-Probe.

8 MR. WARE: Well, we can't do that. We don't
9 have the option. So it changes the equities at this
10 point. That case was decided under different law in
11 1985.

12 In 1987, also, the Federal Circuit made clear
13 that Cordis I was not the last word on this subject. And
14 virtually every argument that Columbia has made here
15 today was made by Medtronic in the Cordis II case, and I
16 thought it was interesting that Mr. Gindler quoted this
17 language where Medtronics said: "A licensee cannot avoid
18 the natural consequences of a decision to stop paying
19 royalties."

20 THE COURT: Where is that?

21 MR. WARE: This is in Cordis II. And I don't
22 know why I have all these Westlaw pages here but, anyway,
23 it's about the fourth paragraph or so from the end of the
24 decision. I guess it's 864 in the F 2nd.

25 THE COURT: Hold on a second.